



# One-click report : United Kingdom

May 19th 2021

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## Briefing sheet

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### Political and economic outlook

- The UK economy is the sixth largest in the world. Services make up more than 40% of total exports and 80% of GDP. Having left the EU single market and customs union, the UK will seek to rebalance trading relations towards markets beyond the EU.
- In the most recent general election, held in December 2019, the Conservative Party under the prime minister, Boris Johnson, won an 80-seat majority. The Economist Intelligence Unit expects the government to remain stable and in place until the next election in 2024.
- The coronavirus pandemic led to a significant expansion in public spending to support jobs and businesses. We expect some fiscal consolidation as support is withdrawn, but the government will maintain a higher level of public spending than before.
- The UK suffered a contraction in real GDP of 9.8% in 2020, as a result of lockdown measures to combat the pandemic and a collapse in global trade. We expect growth to rebound in 2021 and 2022, with GDP returning to its pre-crisis level in late 2022.

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- The new trade agreement between the UK and EU leaves many aspects of the relationship unsettled. It creates significant non-tariff barriers and delays implementation of some border control protocols. We expect the relationship to continue to evolve.
- The UK is now one of eight European countries whose debt/GDP ratio exceeds 100%. The UK's ability to borrow in its own currency, its long average debt maturity and support from the Bank of England (BoE, the central bank) mean that borrowing costs will be manageable.
- The UK will host the G7 summit and UN Climate Change Conference (COP26) in 2021 and will use these platforms to elaborate on its post-Brexit foreign policy.

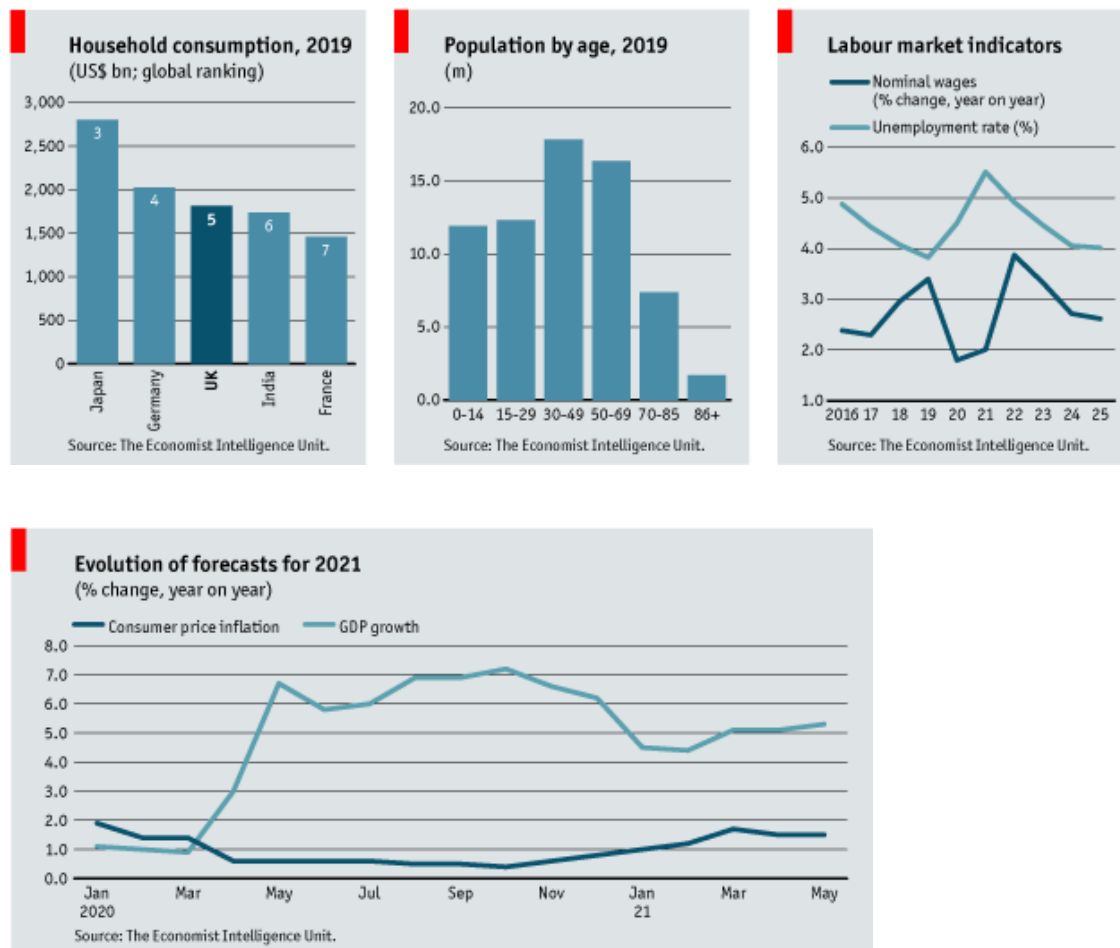
### Key indicators

	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
Real GDP growth (%)	-9.8	5.3	5.6	1.8	1.7	1.7
Consumer price inflation (av; %)	1.0	1.5	2.0	1.8	1.7	1.6
Government balance (% of GDP)	-14.9 <sup>c</sup>	-12.1	-6.8	-3.4	-2.6	-2.7
Current-account balance (% of GDP)	-3.5	-4.2	-3.7	-4.0	-4.1	-4.0
Money market rate (av; %)	0.3	0.1	0.5	0.8	1.0	1.0
Unemployment rate (%)	4.5	5.5	4.9	4.5	4.1	4.0
Exchange rate £:US\$ (av)	0.78	0.71	0.70	0.71	0.70	0.69

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Economist Intelligence Unit estimates.

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### Market opportunities



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### Key changes since April 13th

- Local elections held on May 6th yielded gains for the Conservative Party in most of England, consistent with a 7-8-percentage point national lead in polling. In Scotland the pro-independence Scottish National Party and Scottish Green Party made modest gains.
- Although these gains are likely to keep the potential of Scottish independence as a key risk, we do not believe the gains have been sufficient that the UK government will grant a new independence referendum in the forecast period.
- Unemployment declined to 4.9% in February despite the lockdown. Although we still expect unemployment to rise once the furlough scheme is withdrawn, we have revised down our estimate for full-year average unemployment from 5.6% to 5.5%.
- The real GDP contraction in January was revised up from 2.9% to 2.2%, with monthly GDP growing by 0.4% in February. We have therefore revised up our estimate for full year 2021 GDP growth from 5.1% to 5.3%.

### The month ahead

- May 12th—Preliminary GDP figures (Q1): The UK implemented a strict lockdown in January that only began to be unwound in March, so we expect a significant quarterly contraction in GDP. The size of the contraction will affect our forecast for catch-up growth in subsequent quarters.
- May 17th—Third phase of lockdown reopening: Most of the remaining hospitality sector will reopen, alongside a relaxation of restrictions on international travel. Assuming the vaccination campaign continues apace, this will further boost catch-up growth in the second and third quarters.



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- May 26th—Public sector net borrowing (April): Monthly net borrowing in March increased by £22.5bn year on year from 2020. April figures will represent a significant decline, as it will be the first year-on-year comparison with a fully locked-down base month, and reflect the increased reopening of the economy.

### Major risks to our forecast

Scenarios, Q1 2021	Probability	Impact	Intensity
Strains on corporate balance sheets from the pandemic and Brexit lead to a wave of business failures	High	High	16
The new UK-EU relationship fails to resolve legal uncertainty created by Brexit	Very High	Moderate	15
An SNP majority in the Scottish Parliament elections forces a second Scottish independence referendum	Moderate	Very high	15
Coronavirus forces the government to backtrack on infrastructure investment	High	Moderate	12
Higher taxes are needed to counter deterioration in public finances	High	Moderate	12

Note. Scenarios and scores are taken from our Risk Briefing product. Risk scenarios are potential developments that might substantially change the business operating environment over the coming two years. Risk intensity is a product of probability and impact, on a 25-point scale.

Source: The Economist Intelligence Unit.

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## Forecast summary

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### Forecast summary

(% unless otherwise indicated)

	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
Real GDP (% change)	-9.8	5.3	5.6	1.8	1.7	1.7
Industrial production (% change)	-8.0	6.4	4.2	1.7	1.6	1.6
Unemployment rate (av; EU/OECD harmonised measure)	4.5	5.5	4.9	4.5	4.1	4.0
Consumer price inflation (av; CPIH measure)	1.0	1.5	2.0	1.8	1.7	1.6
3-month £-LIBOR rate (av)	0.3	0.1	0.5	0.8	1.0	1.0
Bank of England base rate (end-period)	0.10	0.10	0.25	0.75	1.25	1.50
Government budget balance (% of GDP) <sup>c</sup>	-14.9 <sup>d</sup>	-12.1	-6.8	-3.4	-2.6	-2.7
Exports of goods fob (US\$ bn)	399.1	481.3	538.6	541.5	551.1	571.7
Imports of goods fob (US\$ bn)	-548.0	-674.3	-726.4	-752.9	-790.1	-833.9
Current-account balance (US\$ bn)	-95.4	-132.8	-127.6	-139.5	-150.9	-157.2
Current-account balance (% of GDP)	-3.5	-4.2	-3.7	-4.0	-4.1	-4.0
Exchange rate US\$:£ (av)	1.28	1.40	1.43	1.41	1.43	1.46
Exchange rate ¥:£ (av)	137.1	148.0	150.3	150.5	155.2	157.0

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Exchange rate €:£ (av)	1.12	1.19	1.23	1.25	1.21	1.17
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<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> General government. <sup>d</sup> Economist Intelligence Unit estimates.

## Political stability

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At the general election on December 12th 2019, the Conservative Party, under the prime minister, Boris Johnson, won an 80-seat majority. On January 31st 2020 Mr Johnson fulfilled his campaign promise to take the UK out of the EU, ending 47 years of EU membership. On January 1st 2021 the UK left the EU's single market and customs union after negotiating a free-trade agreement. The government is currently managing the implementation of a new trading relationship with the EU while addressing the fallout from the coronavirus (Covid-19) pandemic. Despite the challenges posed by these two issues, The Economist Intelligence Unit expects the government to last a full term.

The spread of the coronavirus in early 2020 put the government on a crisis-management footing. In March 2020 it instructed a strict lockdown for over three months. After a relaxation of restrictions in the summer, the government implemented a second lockdown in England between November and December. The spread of a new, significantly more contagious variant of the virus led the government to impose a third, more severe lockdown in January 2021, with schools and non-essential businesses being closed. Restrictions are now gradually being unwound, with phased reopening in five-week intervals: non-essential retail reopened on April 12th, with most hospitality to follow on May 17th and all remaining restrictions to be lifted on June 21st. The government is undertaking a mass vaccination programme; more than 67% of the adult population had received at least one dose of vaccine by May 8th. Devolved administrations in Scotland, Wales and Northern Ireland have enacted similar restrictions during these periods.

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Brexit and the pandemic have increased the medium-term risk to the integrity of the UK. Nicola Sturgeon, the leader of the Scottish National Party (SNP), has argued that Brexit represents a material change in the relationship between Scotland and the UK since the 2014 referendum on Scottish independence where a majority favoured the continuation of the union. Support for Scottish independence spiked during the initial phase of the pandemic, as Scottish voters viewed their devolved government's response as more effective than that of the UK government. This has ebbed since the beginning of the vaccination campaign and, more recent polls now show a narrow lead for support for the union, although within the margin of error.

The SNP, along with the pro-independence Scottish Green Party have held a majority in the Scottish Parliament since 2016, and made modest gains in the most recent elections in May 2021, which Ms Sturgeon claims gives her a mandate to pursue a second referendum. The UK government has called for a summit on the future of the union; however, we do not believe these gains will provide sufficient political pressure to force the government to grant a second referendum in this parliament. Even if the UK government were to grant a second referendum, it would take several years to organise. Furthermore, divisions within pro-independence parties may undermine the unity of the movement. As a result, we believe that there are significant obstacles to Scotland becoming independent and do not expect it to happen during our forecast period.

Brexit has inflamed tensions in Northern Ireland. The UK and the EU agreed to a separate protocol for Northern Ireland to avoid border checks with the Republic of Ireland. Under this agreement, Northern Ireland is remaining within a regulatory union with the EU for most goods. Although it will stay in the UK customs and value-added tax (VAT) areas, customs and VAT checks are to be conducted by the UK on the EU's behalf at ports in the Irish Sea for goods bound for the EU. This requires the construction and implementation of checkpoints and border infrastructure between Northern Ireland and the rest of the UK for all goods deemed by a UK-EU joint committee to be "at risk" of passing into the EU.

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This arrangement has been difficult to implement, and is disliked by unionist Northern Irish politicians for ostensibly creating a border between Northern Ireland and the rest of the UK. On April 2nd sustained rioting broke out in Northern Ireland for over a week. These protests originated among unionist communities partly in opposition to the Irish Sea border checks. This breakdown in order has intensified talks between the UK and EU around how to implement the Northern Ireland protocol. This had become a source of friction, with the EU launching legal action against the UK for unilaterally extending a series of grace periods for implementing customs checks between Northern Ireland and the rest of the UK. Despite these tensions, we expect that the Northern Ireland protocol will remain in place, given the commitments by both sides to not recreate a hard customs border between Northern Ireland and the Republic of Ireland. However, tensions will remain high, with the ongoing risk of further violence.

## Election watch

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Under the Fixed-term Parliaments Act (FTPA), the next general election is scheduled for May 2nd 2024. The government has introduced a bill to repeal the FTPA. However, even if this is passed, a general election must be called within five years of the preceding one; they are usually held in May, to coincide with local elections.

During the course of the pandemic, the Conservative Party's lead in opinion polls over the opposition Labour Party dropped from more than 20 percentage points at the outbreak of the crisis to a near-tie after several scandals and rapid policy reversals reduced faith in the government. Since the success of the vaccine programme, the Conservatives' polling position has improved to 6-10 points ahead of Labour, which may persist if the government is

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seen to manage the recovery well. Local elections on May 6th saw the Conservative Party make gains on local councils, consistent with this level of national polling lead.

## International relations

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The EU-UK Trade and Co-operation Agreement (TCA) was reached on December 24th 2020. The TCA is a free-trade agreement that succeeds the UK's membership of the EU single market and customs union, following its exit from EU institutions on January 1st 2021. The TCA provides for zero-tariff, zero-quota trade between the UK and EU, at least in the first instance. However, leaving the single market and customs union has created a variety of non-tariff trade barriers in the forms of border checks and product certifications. The agreement also provides a mechanism whereby if the divergence in regulations on labour, the environment or state aid becomes sufficiently great, the other side can implement retaliatory tariffs to compensate, subject to an arbitration period. The regulatory and tariff regimes may therefore drift apart over time. The TCA also leaves several areas unsettled. Negotiations between the UK and EU are ongoing over the UK receiving designations of equivalence on financial services, allowing for greater access to the EU market; and a draft finding of "adequacy" on the UK's data standards, which would allow the free flow of data. The UK has applied to re-join the Lugano convention, which allows legal judgements to be enforced across borders, but this is also opposed by several EU member states.

The UK government has stated its intention to be outward looking, pursuing a "Global Britain" strategy, and unveiled an updated defence and security policy in March 2021 outlining a strategy of greater engagement in Asia, in addition to continued engagement in the Atlantic. The UK holds the presidency of the G7 group of nations in 2021 and will

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host the UN Climate Change Conference (COP26) in Glasgow in November. It intends to use these platforms to take an enhanced role in global climate change policy. On trade, the UK has achieved continuity agreements with most countries that had agreements with the EU, is seeking an agreement with the US and has applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trade bloc of 11 Pacific nations.

## Policy trends

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Even before the pandemic, the UK faced significant economic policy challenges, including low public investment, wide regional disparities, high housing costs and chronically low productivity growth. However, the scale of the disruption caused by the virus is likely to dominate the government's policy agenda well into 2021. We do not expect UK GDP to return to its pre-crisis level before late 2022.

Since becoming the Conservative Party leader and prime minister, Mr Johnson has advocated greater public-sector investment, including in infrastructure, and additional current spending on the National Health Service, education and the police. The government has also reformed the UK's immigration system to emphasise skilled labour. Long-term social care is an area of health spending that Mr Johnson's manifesto pledged to address, alongside significant investment in green and renewable energy as part of a green recovery plan, although details for both remain vague. The government is also attempting to encourage public and private investment to address the UK's chronic low productivity, most prominently in a two-year tax "super-deduction" allowing companies to write off tax up to 130% the value of their capital investment from 2021-23, as well as expanding the scope of public borrowing for investment from 2% of GDP to 3%.

## Fiscal policy

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At the outbreak of the pandemic, the government enforced nationwide shutdowns and developed a series of financial support packages to aid workers and businesses affected by the coronavirus. These included government-backed loans; several business tax deferrals and holidays; targeted aid to the worst-affected sectors, such as travel and retail; and wage support schemes for salaried and self-employed workers. In the government's March 2021 budget, the government committed to extending most pandemic support measures into the autumn of 2021, only completely phasing them out by March 2022. We expect that this will lead to a fiscal deficit of 12.1% of GDP in 2021, with the debt/GDP ratio peaking at about 111% this year.

The government's most recent budget has committed to greater fiscal consolidation, with a planned increase in corporation tax from 19% to 25% in 2023. However, this budget assumes highly ambitious increases in productivity growth and minimal increases in health, education and welfare spending from pre-pandemic levels after 2022. This is likely to be resisted within the Conservative Party, particularly given the government's campaign promises of greater spending and investment. As a result, we expect that further tax increases are likely between now and the end of the forecast period, with debt declining only marginally, to 107% of GDP, and stabilising at that level in 2022-25.



## Monetary policy

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On March 19th 2020 the Bank of England (BoE, the central bank) cut its main rate to 0.1%—its lowest ever level. It also resumed its quantitative easing programme, committing to £450bn (US\$620bn) in asset purchases, which was expanded twice more in 2020, reaching a total of £895bn. From April 2020 until the end of that year the BoE allowed the government access to its overdraft account, the so-called Ways and Means facility, to directly finance day-to-day costs, although this facility was not tapped.

The BoE has signalled that negative interest rates would not be technically possible to implement before August 2021, at which point the economy is likely to be recovering sufficiently to not need further cuts. Given the length of the pandemic and the associated downturn, we do not expect the BoE to raise rates before mid-2022.

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## Global forecast data

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	2020	2021	2022	2023	2024	2025
<b>Economic growth (%)</b>						
US GDP	-3.5	5.5	3.1	2.0	1.8	1.9
OECD GDP	-4.9	4.4	3.4	2.2	2.0	1.9
EU27 GDP	-6.4	4.1	4.0	2.7	2.2	2.0
World GDP	-3.9	5.1	3.7	3.0	2.8	2.7
World trade	-8.1	7.0	5.7	4.7	4.2	4.1
<b>Inflation indicators (% unless otherwise indicated)</b>						
US CPI	1.2	1.9	2.1	2.2	1.9	2.0
OECD CPI	1.2	1.8	2.0	2.1	2.0	2.1
EU27 CPI	0.6	1.4	1.5	1.7	1.8	1.8
Manufactures (measured in US\$)	0.7	7.2	0.6	1.6	1.8	1.9
Oil (Brent; US\$/b)	42.3	66.0	71.0	65.5	61.0	55.5
Non-oil commodities (measured in US\$)	2.9	23.1	-0.5	0.5	-5.1	0.0
<b>Financial variables</b>						
US\$ 3-month commercial paper rate (av; %)	0.6	0.1	0.1	0.2	0.6	1.0

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€ 3-month interbank rate (av; %)	-0.4	-0.5	-0.5	-0.4	-0.4	-0.4
US\$:£ (av)	1.28	1.40	1.43	1.41	1.43	1.46
US\$:€ (av)	1.14	1.18	1.17	1.13	1.18	1.24

## Economic growth

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### The impact of the coronavirus: global and regional assumptions

The Economist Intelligence Unit forecasts that global GDP will rebound by 5.1% in 2021 (up from a previous forecast of 5%).

This sharp rebound will result in global GDP returning to its pre-coronavirus level in late 2021. However, the pace of recovery will vary greatly across regions. Asia and North America will recover first, with real GDP getting back to pre-coronavirus levels as early as this year.

The Asia region benefits from its (overall) success in containing the pandemic. A fast rollout of vaccines and ample fiscal stimulus underpin positive US economic prospects. The recovery will take longer in Europe, the Middle East and Sub-Saharan Africa, stretching into 2022. Europe is in the middle of a third wave of the pandemic, which has led to the reimposition of lockdown measures in many countries. Latin America will be a laggard, with real GDP returning to pre-coronavirus levels only in 2023.

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The pace of the rollout of coronavirus vaccines will condition economic prospects this year and beyond. In most rich countries, the vaccines will not be available in quantities large enough in the near term to be game-changing. Achieving herd immunity will take time, with timelines stretching to the second half of 2021 for the US and the EU. Global access to the vaccines will be skewed towards developed countries initially, and poorer countries will struggle to secure supplies. As a result, the rollout in middle-income and emerging countries will not achieve widespread inoculation before at least end-2022. The picture appears even bleaker for low-income countries; we do not expect most of these states to have wide access to a vaccine before 2023, if at all. The slow pace of vaccine distribution will weigh on the global recovery and foster the emergence of variants that may prove resistant to current vaccines.

Europe was badly hit by the pandemic-induced economic downturn in 2020, with Spain and the UK experiencing the deepest recessions. Year-on-year growth rates this year will be misleading, as the economies that were hardest hit in spring 2020 will grow the fastest, even as economic activity remains weak. We expect growth to pick up from the second half of 2021, with EU real GDP returning to its 2019 level in 2022 on average. This is a slower trajectory than we expect in the US, reflecting the EU's greater dependence on global export demand, more limited fiscal stimulus and a slower structural adjustment following the crisis. However, production volumes will remain much higher than during the initial 2020 lockdowns, supporting economic output. The recovery in Asia, which is significantly further advanced than that in Europe, is also supporting external demand. This has a particularly important impact on the industrial sectors of Germany and Italy, which have strong export ties with China. Consumers will maintain a higher share than usual of precautionary savings this year, given continued uncertainty, but much of the forced savings resulting from lockdowns and deferred investment will be drawn down from the second quarter to satisfy pent-up demand. Furlough schemes have been extended and will continue to support disposable incomes.

The political and geopolitical effects of the crisis will be significant. The pandemic has resulted in an extraordinary expansion of executive powers, often with limited parliamentary oversight, and an unprecedented withdrawal of civil liberties. It has also become a testing time for central-local government relations, which have deteriorated in many

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countries owing to conflicts over power-sharing, policy responses and financial support. Elections have been cancelled or delayed in some countries, and have gone ahead in others in controversial circumstances. Governments' handling of the response will continue to face scrutiny. Public support for measures to combat the pandemic is fraying in some countries, and we expect social unrest to rise in 2021. Failure to address the social crisis triggered by the coronavirus could further erode trust in national institutions. The crisis has encouraged support for the nation state, and a backlash against globalisation and open borders. It will also intensify the competition for global leadership between China and the US, and a realignment of geopolitical spheres of influence may ensue in Europe, Africa and other regions.

### Economic growth

The coronavirus pandemic and ensuing public health measures caused a severe economic contraction in 2020, with real GDP shrinking by 9.8%. The most recent lockdown is likely to have resulted in a contraction in growth in the first quarter of 2021. A significant bounce-back is likely from the second quarter as restrictions are lifted and government incentives for increased investment kick in, and we forecast growth of 5.3% in 2021 as a whole. We forecast further catch-up growth of 5.6% in 2022, which will probably be the first full year without social distancing restrictions. However, most of this headline growth will stem from favourable year-on-year comparisons with the 2020-21 lockdowns as shut-down activities restart, rather than from robust new economic activity. We expect the level of real GDP to exceed its 2019 peak only in late 2022. In 2023-25 we expect growth to slow as taxes rise and catch-up growth abates, averaging 1.7% per year.

After reaching a low of 3.8% in 2019, unemployment rose in 2020 as the pandemic led to business failures and lay-offs. The spike in unemployment was modest, however, at an estimated average rate of 4.5% in 2020, owing to the government's furlough scheme. We expect the rate to average 5.6% in 2021 as the scheme is withdrawn. Employment

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will rise gradually and unemployment will begin to fall from 2022, reaching 4% by the end of our forecast period in 2025.

Gross capital formation declined sharply in 2020 as the highly uncertain global business environment depressed investment. We expect a significant bounce-back in investment growth in 2021 and 2022, driven in part by the government's investment tax super-deduction, as well as by a more stable post-pandemic and post-Brexit investment environment. Investment growth should stabilise from 2023 until the end of the forecast period.

Export and import growth turned sharply negative in 2020 as global demand collapsed and coronavirus-related travel restrictions persisted. We expect growth to bounce back in 2021 and 2022, but expect Brexit-related disruption to restrict the pace of growth.

### Economic growth

%	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
GDP	-9.8	5.3	5.6	1.8	1.7	1.7
Private consumption	-11.0	5.1	5.5	1.3	1.0	1.6
Government consumption	-6.5	9.0	2.5	1.4	1.8	1.3
Gross fixed investment	-8.8	7.6	10.4	4.9	3.3	3.0
Exports of goods & services	-15.8	5.1	6.8	2.1	2.4	2.8
Imports of goods & services	-17.8	10.9	7.0	2.7	2.2	3.2
Domestic demand	-10.5	7.2	5.6	2.0	1.6	1.9
Agriculture	-9.3	-6.0	3.0	4.0	1.0	1.0
Industry	-9.9	6.5	4.0	1.5	1.4	1.4
Services	-9.0	5.1	6.0	1.9	1.8	1.8

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<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts.

# Inflation

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Inflation declined sharply in 2020 as a result of depressed demand owing to the coronavirus pandemic, and we estimate average inflation of 1% in full-year 2020. We expect price pressures to pick up modestly as demand and asset prices rebound, reaching 1.5% and 2% in 2021 and 2022 respectively. From 2023 we expect inflation to decline to a more modest level as pent-up demand is exhausted, stabilising at 1.6% by 2025.

# Exchange rates

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The value of sterling has been volatile in recent years owing to the degree of political uncertainty around Brexit and the pandemic, as well as the UK's large current-account deficit, which requires significant international capital investment to support the currency. Sterling strengthened against the US dollar in 2020 and early 2021 as the uncertainty around a potential no-deal Brexit ended and a flight to safety in dollar liquidity gradually unwound, with

## One-click report : United Kingdom ,March 21st 2024

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sterling peaking at US\$1.41:£1 in February 2021. Sterling has similarly begun to appreciate against the euro in 2021 as Brexit uncertainty dissipates and the UK economy unlocks more rapidly.

We expect sterling to continue to appreciate against the euro, rising from €1.08:£1 at end-2020 to €1.19 by end-2021. We expect sterling to stabilise against the euro from mid-2022, averaging €1.22:£1 in 2022-25. We expect both currency pairs to appreciate modestly against the dollar during this period as the demand for the safe-haven currency decreases, with sterling reaching US\$1.46:£1 by end-2025.

## External sector

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [External sector](#)

May 10th 2021

The coronavirus outbreak caused a sharp fall in global trade as demand declined, travel was disrupted and global supply chains were compromised by national lockdowns. The UK was not exempt from this, with both imports and exports declining sharply in 2020. From 2021 we expect trade to rebound, although this will primarily be the result of a recovery from the 2020 base year, and we expect Brexit to weigh on exports (as well as imports, but to a lesser extent). Most catch-up growth in trade, particularly in exports, will be likely to take place in 2022 as global markets fully unlock and UK firms become more experienced in exporting under new trading rules. The UK has run a persistent current-account deficit since 1985. We expect the deficit to widen from 3.5% of GDP in 2020 to 4.2% of GDP in 2021 as the export sector is weakened by worse terms of trade with the EU, before stabilising thereafter.



# Country forecast overview: Business environment rankings

[United Kingdom](#) | [Business](#) | [Business environment](#) | [Rankings overview](#)

May 11th 2021

Value of index <sup>a</sup>		Global rank <sup>b</sup>		Regional rank <sup>c</sup>	
2016-20	2021-25	2016-20	2021-25	2016-20	2021-25
7.66	7.85	17	17	11	10

<sup>a</sup> Out of 10. <sup>b</sup> Out of 82 countries. <sup>c</sup> Out of 18 countries: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the UK.

- The UK’s score in the business environment rankings rises in the forecast period (2021-25) compared with the historical period (2016-20), reflecting receding Brexit and coronavirus uncertainties. The UK rises by one place in the regional ranking, but remains in 17th place globally. The macroeconomic environment will improve as the pandemic abates, with the UK’s strong consumer base driving the recovery. Increased trade barriers between the UK and the rest of Europe will constrain growth in the short term, but the UK’s traditional strengths—a pro-business policy orientation, a fairly low burden of regulation, and flexible labour and product markets—will support the recovery. Structural deficits such as weak productivity and inadequate intermediate skills will probably persist.

## Business environment at a glance

[United Kingdom](#) | [Business](#) | [Business environment](#) | [Business environment at a glance](#)

May 11th 2021

### Policy towards private enterprise and competition

2021-22: Extraordinary public support for businesses affected by coronavirus. "Super-deduction" of 130% on capital investment.

2023-25: Continued elevated state intervention in investment and innovation. New state aid rules implemented.

### Policy towards foreign investment

2021-22: Coronavirus and Brexit uncertainty limits investment opportunities. Continued openness to investment, although increased scrutiny in sectors considered sensitive to national security.

2023-25: Infrastructure plans offer investment opportunities. Possible changes in tax policies to bolster inward investment.

### Foreign trade and exchange controls

2021-22: Increased trade barriers with EU. New Northern Ireland protocol implemented. Negotiations continue with third countries. Expected decline in UK-EU crossborder trade. Bounce-back in global trade following pandemic.

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2023-25: Likely continued UK-EU negotiations. New trade agreements with other countries, including potential accession to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade bloc.

### Taxes

2021-22: Tax holidays and deferments throughout the coronavirus crisis. Changes to the value-added tax (VAT) framework.

2023-25: Corporation tax increase from 19% to 25%. Additional tax increases likely to funding public spending and investment, such as equalisation of self-employed and regular income taxes.

### Financing

2021-22: Monetary policy remains highly accommodative, with Bank of England (central bank) asset purchases continuing. Loss of "passporting" rights and restrictions on EU services trade. Slow progress in establishing equivalence with the EU.

2023-25: Modest decline in City of London's status. Steady growth in alternative forms of debt financing.

### The labour market

2021-22: Increased unemployment as furlough scheme expires. Pandemic-caused departure of expatriates and sharp drop in immigration from EU due to end to free movement of labour. Increased immigration from Hong Kong.

2023-25: Greater emphasis on skills-based migration from outside EU may risk labour shortages in low-skilled occupations.

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### Infrastructure

2021-22: Modest rise in spending on housing, roads and digital infrastructure. Crossrail service in London begins operation.

2023-25: Increased infrastructure investment, emphasis on "levelling up" regional infrastructure and competitiveness.

### Technological readiness

2021-22: High e-commerce penetration and strong research base, but UK research and development (R&D) spending remains below EU average. Continued high threat from cybercrime and cyber-espionage.

2023-25: Modest rise in public R&D spending. Development of state "blue skies" fund, possible weakening of research and innovation framework owing to more restricted access to EU structural programmes (such as Horizon 2020).

## Market opportunities: Social indicators and living standards

[United Kingdom](#) | [Business](#) | [Market opportunities](#) | [Social indicators and living standards](#)

May 11th 2021

### Social indicators and living standards

	2020		2025	
		Western Europe (av)		Western Europe (av)
<b>Health</b>				
Healthcare spending (% of GDP)	11.0	10.8	10.4	10.7
Healthcare spending (US\$ per head)	4,395	4,406	5,708	5,779
Infant mortality rate (per 1,000 live births)	4.1	3.4	3.9	3.3
Physicians (per 1,000 population)	3.0	4.0	3.2	4.1
<b>Food and beverages</b>				
Food, beverages & tobacco (% of household spending)	12.9	19.4	11.5	18.5
Meat consumption (kg per person)	79.4	86.4	86.2	94.0
Milk consumption (litres per person)	232.0	258.0	243.0	276.0
Coffee & tea consumption (kg per person)	4.3	6.1	4.5	6.5
<b>Consumer goods in use (per 1,000 population)</b>				
Passenger cars	524	542	536	552
Telephone main lines	450	412	412	379

## One-click report : United Kingdom ,March 21st 2024

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Mobile phone subscribers	1,190	1,200	1,180	1,250
Television sets	1,149	823	1,285	906
Personal computers	865	832	886	862
<b>Households</b>				
No. of households (m)	27.8	191.4	28.3	199.3
No. of people per household (av)	2.4	2.2	2.4	2.1
<b>Income and income distribution</b>				
Median household income (US\$)	58,290	49,740	69,970	57,670
Average monthly wage (US\$)	4,090	3,850	5,250	4,630
Gini index	35.1 <sup>a</sup>	–	–	–

<sup>a</sup> Latest available year.

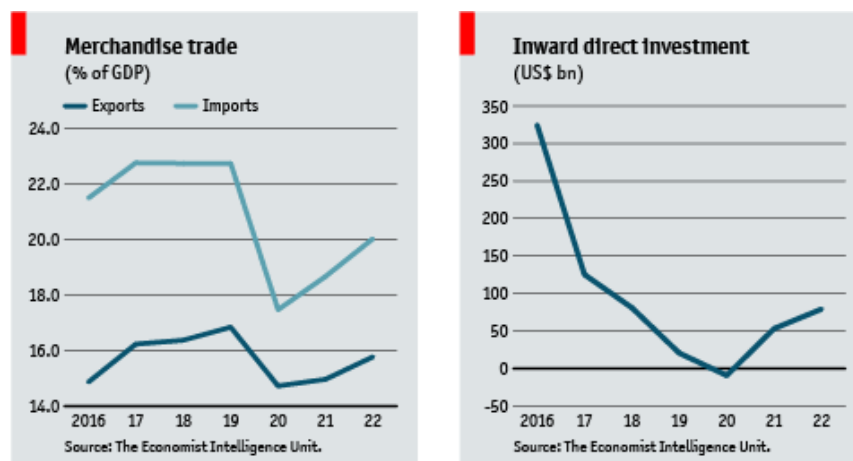
Sources: UN Statistical Office; World Bank; Food and Agriculture Organisation (FAO); Euromonitor; World Health Organisation (WHO); national statistical offices; International Telecommunication Union (ITU); Economist Intelligence Unit estimates and forecasts.

## One-click report : United Kingdom ,March 21st 2024

## Global position

[United Kingdom](#) | [Regulation](#) | [Global position](#)

December 1st 2020

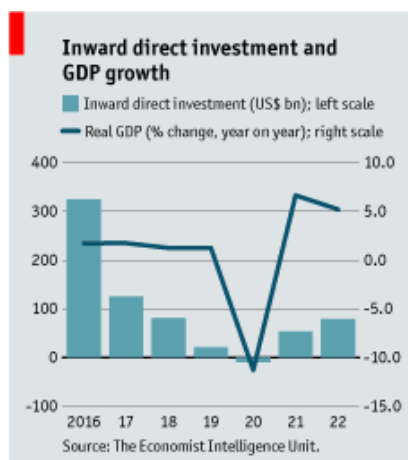


The outlook for the UK has become much more uncertain following the 2016 referendum vote to leave the EU. The UK began the formal process of exiting the EU in 2017 when it triggered Article 50 of the Lisbon Treaty, and departed the bloc on January 31st 2020. The UK and EU have negotiated a withdrawal agreement that allows for a transition period lasting until end-2020, during which the UK retains most aspects of EU membership. Looking beyond the transition period, the UK and EU are negotiating a free-trade agreement, with the degree of regulatory alignment between the two parties still to be finalised as of November 2020. A “no deal” scenario, whereby the transition period expires without a free-trade agreement in place, remains a risk. The coronavirus (Covid-19) pandemic has compounded an already uncertain outlook during 2020. Lockdowns and travel restrictions have

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delivered a severe blow to industries such as hospitality, tourism and aviation, as well as parts of the retail sector. The UK still has much to offer as an investment destination. Existing clusters and economies of scale in sectors such as pharmaceuticals, biotechnology, software development and financial services will remain powerful magnets for foreign entrants, while significant potential exists for large-scale, long-term investments in the energy, communications and transport sectors.





## Regulatory/market assessment

[United Kingdom](#) | [Regulation](#) | [Regulatory/market assessment](#)

December 1st 2020

- In March 2020 the government implemented a nationwide lockdown to contain the coronavirus (Covid-19) outbreak. Restrictions were mostly relaxed by July 2020 and then reintroduced in time-limited local rounds. The government, which also launched relief programmes for workers and businesses, has suggested that restrictions on economic activity will be in place until at least March 2021.
- In November 2020 the government published draft legislation that would introduce mandatory notification requirements for foreign investments in 17 sectors, based on national security grounds. Once approved, the rules would apply retroactively to November 12th 2020. They have similarities with investment-screening mechanisms already in place in other countries, including the US.
- In November 2020 the government published a ten-point plan for the environment, including revised targets for ending the sale of new petrol and diesel cars and for increased renewable-energy production. A white paper focusing on energy is to be released at end-2020, providing further details on these proposals.
- A national digital-services tax took effect in April 2020 at a rate of 2%. It applies on the UK-generated revenues of large digital services providers.

## Regulatory/market watch

[United Kingdom](#) | [Regulation](#) | [Regulatory/market watch](#)

December 1st 2020

- On January 31st 2020 the UK exited the EU after 47 years of membership. It subsequently entered a transition arrangement and is scheduled to leave the EU's single market and customs union on December 31st 2020.
- As of November 2020, the UK and the EU were still negotiating a free-trade agreement that will set the terms of their future relationship. Sticking points in the talks concern issues related to fishing and a level playing field. The little time remaining to agree and implement a deal will create significant disruption for business in the immediate term, even if a deal is agreed.
- Following the end of the transition period, the privileged access that nationals from the European Economic Area (the EU plus Iceland, Liechtenstein and Norway) and Switzerland have enjoyed to the UK's labour market will come to an end. Those already resident in the UK for five years can apply for "settled status", which grants them the same healthcare, education, benefits and pension rights as UK nationals. Special rules will apply to Irish citizens.
- The end of the transition period also means that the UK will lose access to EU development funding. The UK government has committed to guaranteeing any EU funding secured before end-2020. A proposed UK Shared Prosperity Fund was to replace the EU programmes from 2021, but it has yet to be established.
- Brexit will mean that the European Court of Justice no longer has broad powers to challenge UK tax law—a particularly contentious area in the past. After leaving the EU, the UK will likely have to balance its new abilities to reform EU laws and overturn precedent with the need to maintain a competitive business environment.

## One-click report : United Kingdom ,March 21st 2024

- Brexit raises the possibility of divergence between UK and EU competition law. The exact outcome will depend on the model the UK adopts in its future relationship with the EU and will likely involve a slow process. EU competition rules will continue to apply to UK companies conducting business within EU member states.
- The UK and EU have agreed that Northern Ireland will stay within a regulatory union with the EU for most goods, remaining in the UK customs and value-added tax areas and with checks conducted by the UK on the EU's behalf for any goods bound for the EU across the Irish Sea. The arrangement is subject to revision every four years by a majority vote in the Northern Ireland Assembly.

## Long-term outlook: The long-term outlook

[United Kingdom](#) | [Economy](#) | [Long-term outlook](#) | [Long-term outlook](#)

May 11th 2021

	2021-30	2031-50	2021-50
<b>Population and labour force (% change; annual av)</b>			
Total population	0.38	0.25	0.29
Working-age population	0.10	0.01	0.04
Working-age minus total population	-0.28	-0.24	-0.25
Labour force	0.19	0.09	0.12
<b>Growth and productivity (% change; annual av)</b>			
Growth of real GDP per head	2.0	1.5	1.7
Growth of real GDP	2.4	1.8	2.0

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## One-click report : United Kingdom ,March 21st 2024

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Labour productivity growth	2.1	1.7	1.8
Growth of capital stock	3.1	2.5	2.7
Total factor productivity growth	0.4	0.8	0.7

Initial conditions: From the early 1990s up to 2019, with the exception of the 2008 crisis period, the economic performance of the UK improved relative to that of many of its regional peers, owing in part to a sharp rise in labour utilisation, with strong employment growth fuelling strong overall expansion. The pace of economic growth began to soften in 2019, and the economy contracted sharply in 2020 amid the coronavirus pandemic. The Economist Intelligence Unit expects UK GDP to return to its pre-crisis level by 2022 as restrictions are lifted and pent-up consumer demand returns. The recovery will be constrained as corporates face rising debt from the coronavirus crisis and trade frictions from Brexit depress export-oriented industries.

The UK's prospects for growth in the medium term will be highly dependent on government policy formulation in response to these challenges. Both major parties have signalled a willingness to pursue a more interventionist strategy in the economy, and provide more public investment, in an effort to address the UK's regional inequality and weak productivity growth. The current government has increased its threshold for borrowing for investment from 2% of GDP to 3%, established a national infrastructure bank in addition to the pre-existing British Business Bank, and an £800bn (US\$1.1bn) "blue skies" fund to support innovative research.

Despite securing the Trade and Co-operation Agreement with the EU, the UK's relationship with the EU remains unsettled. The UK is likely to diverge in some areas of regulation, particularly in technology and life sciences regulation, while non-tariff barriers put UK firms at a competitive disadvantage within the single market.

## The UK faces entrenched regional and sectoral imbalances

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We expect economic performance to bounce back from the current recession, and reach pre-crisis real GDP levels by 2022. Between Brexit and the pandemic, this is likely to mask significant sectoral disruption, and the UK economy may need to become less reliant on consumer spending relative to investment to support growth.

The UK's structural advantages have traditionally included a comparatively low regulatory burden, a flexible labour market and a business environment that is conducive to foreign investment, which we expect to persist. On the negative side, factors that tend to constrain the UK's long-term outlook include over-reliance on wealth effects generated by the volatile financial and real estate sectors, high levels of private-sector debt and a deficit in "intermediate" labour market skills, which are skewed by significant geographical inequalities. These have contributed to the development of an unbalanced economy. Levels of productivity in the UK, in terms of output per hour worked, lag well behind those in the US, Germany and France. This weak trend is worrying and will weigh on medium- and long-term growth if not reversed, and will play an increasing role in policy debates.

### **Labour force participation is high, but will be depressed by the coronavirus**

Demographic trends: The working-age population is forecast to rise gradually over the long-term horizon, and the share of the population aged 65 or over will continue to increase. By 2050 those aged 65 and older are projected to account for 25.4% of the population (up from 18.7% in 2018). The share of the working-age population peaked at 66% in 2008-09 and is forecast to decline steadily, to 58.3% by 2050. Prior to the pandemic, the labour force participation rate was just below 80%— significantly higher than the OECD average. After declining in 2020, we expect it to gradually return to that level. We expect migration will continue to provide a key source of population and human capital growth. Most countries that operate skills-based immigration systems adjust their requirements periodically, a trend that we expect the UK to follow.

## EU trade will decline, but it will remain the UK's most important trade partner

External conditions: The UK is a highly trade-dependent economy, and thus its departure from the world's largest trading bloc will have implications for its long-term prospects. Despite the UK leaving the single market, the EU is likely to remain the UK's most important export destination, particularly for goods trade, given its proximity and the volume of existing trade. This is likely to be exacerbated if the pandemic leads companies globally to pursue shorter supply chains. Although the UK's departure from the EU will allow the UK to negotiate trade deals with third countries, trade experts have estimated that the total estimated value of trade deals currently in negotiation will not make up for the loss of access to the EU market. However, given the demographic, structural and political headwinds that the bloc faces, we expect the EU's long-term growth rate to remain modest.

The UK is likely to maintain its surplus in services, which is expected to grow as a percentage of total trade value over the course of our long-term forecast period, as e-commerce and trade in intangible goods become more prominent globally.

Institutions and policy trends: The UK is a long-established democracy with well-entrenched rule of law (guaranteeing security of contracts), liberalised product markets and a rigorous competition policy regime. Much of the UK's policy around competition, trade, product regulation and other areas of economic policymaking was informed by its EU membership, as was the governance of its own internal market, much of which is currently being moved to domestic equivalent authorities. It remains too early to gauge how effectively policymakers and institutions will manage these competencies on a national level, and whether any benefits can be realised from regaining direct control.

Long-term performance: Since the 2008 financial crisis the UK has suffered from chronically low productivity growth relative to its OECD peer countries, and relied heavily on moving people into work. Its labour force participation rate peaked at over 79% with unemployment at 3.8% prior to the outbreak of the pandemic. The

## One-click report : United Kingdom ,March 21st 2024

flexibility of the UK labour market will see unemployment rapidly return to its downward trend as pandemic restrictions are lifted, but the UK's ability to increase its productivity will be the key driver of its performance in the long-term. A number of factors have been cited as possible causes for the UK's persistent productivity gap with its peers. These include the high degree of centralisation of the economy around London; the UK's relatively low share of spending on R&D; the dominance of the volatile financial services sector; and reliance on low-skilled immigration. Successive governments have tried to address the productivity issue, including the current government, which has committed to an increase in public investment to stimulate R&D, a shift in emphasis towards skilled immigration, and supporting investment outside London. Whether these plans will boost productivity remains highly uncertain. Real GDP is forecast to grow by an annual average of 2.4% in 2021-30, owing to rapid post-pandemic recovery in 2021 and 2022, but will moderate to 1.8% in 2031-50.

### Income and market size

	2020	2030	2050
<b>Income and market size</b>			
Population (m)	67.9	70.5	74.1
GDP (US\$ bn at market exchange rates)	2,711.3	4,640.5	10,106.7
GDP per head (US\$ at market exchange rates)	39,940	65,840	136,430
Private consumption (US\$ bn)	1,649.2	2,751.3	5,648.2
Private consumption per head (US\$)	24,290	39,030	76,240
GDP (US\$ bn at PPP)	2,975.1	4,632.3	9,927.6
GDP per head (US\$ at PPP)	43,820	65,720	134,010
Exports of goods & services (US\$ bn)	742.0	1,503.2	5,585.0

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Imports of goods & services (US\$ bn)	751.7	1,593.7	5,584.8
<b>Memorandum items</b>			
GDP per head (at PPP; index, US=100)	69.3	72.5	76.2
Share of world population (%)	0.9	0.8	0.8
Share of world GDP (% at market exchange rates)	3.2	3.2	2.8
Share of world GDP (% at PPP)	2.3	2.1	2.0
Share of world exports of goods & services (%)	3.4	3.7	4.9

## Automotive

[United Kingdom](#) | [Automotive](#) | [Overview](#)

April 14th 2021

- The coronavirus (Covid-19) pandemic has caused significant disruption to the UK's automotive sector, which was already been facing increased strain as a result of the damaging economic effects of Brexit. In 2020 the UK fared worse than most other advanced economies in its handling of the pandemic, resulting in one of the highest levels of virus-related deaths and one of the deepest falls in real GDP. Annual new-car sales slumped by 29.4% to 1.63m units, a 28-year low and the fourth consecutive annual decline. Commercial-vehicle (CV) sales dropped by 22.1% to 332,557 units, a seven-year low.
- In 2020 the UK was the world's 16th-largest automotive producer, according to the International Organisation of Motor Vehicle Manufacturers (OICA). Vehicle production rose steadily between 2010 and 2016, but has since fallen sharply in response to Brexit weakness, softer global demand, regulatory changes and pandemic-related

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## One-click report : United Kingdom ,March 21st 2024

restrictions. After falls of 8% in 2018 and 14% in 2019, vehicle output collapsed by 29% in 2020 to its lowest level since 1984.

- Assuming no major resurgence of the virus, the combination of rapid vaccine rollout in the UK, an easing of restrictions, an improving global economy and positive base effects will support a return to full-year sales and production growth in 2021, but The Economist Intelligence Unit expects only a partial rebound. We forecast a 20% rise in new-car registrations in 2021, with annual sales of about 1.96m units. The new-CV market will see growth of 15.2%.
- Amid subdued underlying demand, we expect an uneven recovery over our five-year forecast period (2021-25). Although annual new-car sales will rise at a compound annual growth rate (CAGR) of 7.8% they will remain below 2015-17 levels by 2025. The new-CV market will rebound at a CAGR of 5% in 2021-25.

### Income and demographics

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
Nominal GDP (US\$ bn)	2,702.7 <sup>c</sup>	2,666.9 <sup>c</sup>	2,860.8 <sup>c</sup>	2,833.7 <sup>c</sup>	2,712.6	3,158.6	3,412.7	3,507.4	3,652.4	3,801.9
Population (m)	65.8 <sup>c</sup>	66.7 <sup>c</sup>	67.1	67.5	67.9	68.2	68.5	68.8	69.0	69.3
GDP per head (US\$ at PPP)	44,025 <sup>c</sup>	45,452 <sup>c</sup>	46,426	48,282	44,086	46,870	50,165	52,008	53,776	55,322
Private consumption per head (US\$)	26,628 <sup>c</sup>	25,780 <sup>c</sup>	27,567	26,865	24,245	28,248	30,231	30,822	31,798	33,024
No. of households ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$5,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$10,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282

## One-click report : United Kingdom ,March 21st 2024

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No. of households with annual earnings above US\$50,000 ('000)	16,260	15,629	17,237	16,913	17,145	18,764	19,272	19,473	19,970	20,639
No. of households with net wealth over US\$1m ('000)	820	986	855	1,037	1,175	1,539	1,718	1,834	1,917	2,003

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Actual.

Source: The Economist Intelligence Unit.

- We expect Brexit to contribute directly to a permanent downsizing of the UK automotive sector over the next five years, with factory closures, job losses and reduced investment. All six mass-vehicle producers in the UK are foreign-owned and had largely used the country as an export base.
- In December 2020 the UK agreed a limited trade deal with the EU, averting the immediate imposition of tariffs for the automotive sector. However, although the sector will now enjoy tariff-free and quota-free trade, trading will not be frictionless. The UK's exit from the single market still brings substantial new customs checks and increased regulatory uncertainty, disrupting highly integrated supply chains. In addition, various provisions, including phased "rules of origin" restrictions, could lead to future export tariffs.
- Disruption from Brexit and the pandemic will come on top of the structural challenges affecting the global automotive sector, such as overcapacity, tighter environmental regulations and the accelerating (and high-cost) shift to electric vehicles (EVs), which are also likely to contribute to this downsizing process. Nevertheless, high government subsidies will continue to drive growth in EV sales, offering opportunities for some companies.

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# Consumer goods

## One-click report : United Kingdom ,March 21st 2024

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[United Kingdom](#) | [Consumer goods](#) | [Overview](#)

May 13th 2021

- Retail sales volume growth in the UK was fairly resilient in 2016-19, supported by employment gains, low inflation, consumer borrowing and extensive retail discounting. However, momentum weakened during 2019 as softening global growth and the economically damaging Brexit process contributed to a slowing labour market, faltering household sentiment and lower consumer demand.
- The retail and consumer services sectors experienced a major disruption amid a slump in household spending in 2020 owing to the coronavirus (Covid-19) pandemic. Two national lockdowns, temporary forced closure of stores, social distancing measures, reduced footfall, changed working patterns and public health concerns led to sharp swings in monthly retail sales and huge shifts in the composition of household spending. According to the Office for National Statistics (ONS), annual retail sales volumes fell by 2%, a multi-decade low. This masked a sharp divergence in sales patterns: a surge in online purchases and strong demand for groceries, electricals, household goods and DIY items contrasted with sharp falls in clothing, cosmetics and department store sales and at most food-service outlets. Total household spending, covering services, travel, hospitality, housing and vehicles, as well as retail, collapsed by 11% in 2020, reflecting the severe hit to non-retail segments of consumer spending.
- The UK fared worse than most other advanced economies in its handling of the pandemic in 2020, resulting in one of the largest declines in real GDP (-9.9%) and one of the world's highest virus-related death rates. A surge in infections triggered a third national lockdown in January 2021, with the closure of most non-essential stores contributing to another retail slump in the first quarter. However, the near-term outlook is encouraging. Supported by a rapid vaccine rollout and much lower infection rates, retail and outdoor hospitality reopened in mid-April, and most other restrictions are due to be phased out by end-June. Early signs point to a strong uplift in spending on hospitality, entertainment and clothing, fuelled by pent-up demand and the release of involuntary household savings, which have risen in aggregate during the crisis. A temporary cut in value-added tax (VAT) in the hospitality

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## One-click report : United Kingdom ,March 21st 2024

sector since July 2020, from 20% to 5%, will apply until September 2021. The Economist Intelligence Unit forecasts retail sales volume growth of 3.5% this year.

- After the expected temporary strong bounce-back, the medium-term outlook is one of fairly subdued consumer demand amid a weakened labour market and the gradually corrosive effects of the UK's "hard Brexit" on the economy. We forecast annual average retail growth of 1.5% over our five-year forecast period (2021-25).
- The UK left the EU single market and customs union on January 1st 2021, after finalising a (limited) Trade and Co-operation Agreement (TCA) with the EU in late December. Although the TCA averted a "no-deal" disaster and in theory allows for tariff- and quota-free UK-EU trade, it triggered a significant rise in non-tariff barriers, new friction in goods and services trade, and widespread regulatory uncertainty, which will cause substantial disruption and long-term damage to the UK's agriculture, fishing and food and drink sectors.
- The UK is Europe's biggest online retail market. Robust internet sales have gone hand in hand with declines in employment and the number of retail stores, especially in town centres. The pandemic has intensified the shift in consumer behaviour towards online and convenience channels. In response, retailers will introduce more cashier-free and 24-hour stores, and expand click-and-collect and other digital services, with grocers expanding "food-to-go" product ranges and online delivery whose demand has risen strongly amid pandemic. We expect another high level of retail store closures in 2021, as more business moves online, amid growth of "quick commerce" delivery start-ups. The UK adopted a digital-services tax (DST) in April 2020.

### Income and demographics

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
Nominal GDP (US\$ bn)	2,702.7 <sup>c</sup>	2,666.9 <sup>c</sup>	2,860.8 <sup>c</sup>	2,833.7 <sup>c</sup>	2,711.3 <sup>c</sup>	3,137.5	3,453.9	3,494.5	3,659.1	3,846.5
Population (m)	65.8 <sup>c</sup>	66.7 <sup>c</sup>	67.1 <sup>c</sup>	67.5 <sup>c</sup>	67.9 <sup>c</sup>	68.2	68.5	68.8	69.0	69.3
GDP per head (US\$ at PPP)	44,025 <sup>c</sup>	45,452 <sup>c</sup>	46,426 <sup>c</sup>	48,282 <sup>c</sup>	43,819 <sup>c</sup>	46,416	49,835	51,766	53,523	55,231

## One-click report : United Kingdom ,March 21st 2024

Private consumption per head (US\$)	26,628 <sup>c</sup>	25,780 <sup>c</sup>	27,567 <sup>c</sup>	26,865 <sup>c</sup>	24,294 <sup>c</sup>	28,152	30,542	30,683	31,763	33,197
No. of households ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$5,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$10,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$50,000 ('000)	16,260	15,629	17,237	16,913	17,145	18,668	19,412	19,363	19,920	20,688
No. of households with net wealth over US\$1m ('000)	820	986	855	1,037	1,175	1,534	1,743	1,802	1,894	1,998

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Actual.

Source: The Economist Intelligence Unit.

## Energy

[United Kingdom](#) | [Energy](#) | [Overview](#)

March 5th 2021

- Total energy consumption in the UK has trended gradually lower since the mid-1990s. However, with consumption of oil, gas and coal falling year on year owing to the impact of the coronavirus (Covid-19) pandemic, a more pronounced drop was experienced in 2020. At an estimated 156m tonnes of oil equivalent (toe), consumption was down by about 9% compared with 2019 and 24% compared with a decade earlier. Together, natural gas and oil

## One-click report : United Kingdom ,March 21st 2024

account for just over 75% of the energy mix. The Economist Intelligence Unit expects total consumption to rebound to some degree in 2021, but to resume a gradual decline beyond 2023.

- Oil consumption will fall by an annual average of 2% between 2021 and 2030, while natural gas consumption will rise by an annual average of 1.1%. Coal consumption will fall more dramatically, owing mainly to the planned phasing-out of coal use in power generation by the end of 2024. We expect annual coal consumption to fall by an average of 18.8% over the forecast period.
- The post-Brexit UK-EU trade deal was only finalised in December 2020, and its implications are still being understood. In addition, the UK and the EU have not yet reached an agreement on all aspects of their future energy relationship. As a result, uncertainty persists over many elements of energy policy, and further changes could be introduced over the coming years. In early 2021 the UK left the EU's internal energy market (IEM), but increasing interconnection with continental Europe and the structure of the electricity market in Northern Ireland mean that co-operation with the IEM is still required. The UK also left the emissions trading system (ETS) and the European Atomic Energy Community (Euratom). While the UK adjusts to life outside the EU, efforts are under way to cut emissions over the forecast period as the country attempts to reach net zero emissions by 2050.

### Energy: key indicators

	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>c</sup>	2022 <sup>c</sup>	2023 <sup>c</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2030 <sup>c</sup>
GDP (US\$ bn at market exchange rates)	2,834	2,713	2,900	3,065	3,643	3,810	4,008	4,784
Real GDP (% change, year on year)	1.4	-9.9	4.4	4.9	1.7	1.6	1.4	1.7
Population (m)	67.5	67.9	68.2	68.5	68.8	69.0	69.3	70.5
Population (% change, year on year)	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.3
Gross domestic energy consumption (ktoe)	171,364	155,484	160,946	159,809	160,218	158,558	157,761	153,299
Gross domestic energy consumption (% change, year on year)	-2.2	-9.3	3.5	-0.7	0.3	-1.0	-0.5	-1.0

## One-click report : United Kingdom ,March 21st 2024

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<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

Note. Forecasts for all dates are available via The Economist Intelligence Unit's data tool.

Sources: The Economist Intelligence Unit; © OECD/IEA 2018 IEA statistics, [www.iea.org/statistics](http://www.iea.org/statistics), licence: [www.iea.org/t&c](http://www.iea.org/t&c).

# Financial services

[United Kingdom](#) | [Finance](#) | [Overview](#) | [Financial services](#) | [Overview](#)

April 9th 2021

- The UK has one of the world's best developed financial industries, but it faces two major challenges in the coming years: coping with the novel coronavirus (Covid-19) and managing the country's departure from the EU. The first has delivered a sharp, but hopefully short, shock to the sector. By contrast, the second is likely to require a long-term shift in trading relationships and may contribute to an ongoing shrinkage of the industry.
- London is currently one of the two leading global financial centres (along with New York) and has the largest share of many international markets. The UK financial sector—banking, insurance, fund management, securities and alternative investment—plays a significant role in the economy. In 2020 it accounted for 5.9% of GDP, down from 7.7% at its peak in 2009, according to the Office for National Statistics (ONS). It employed 1.14m people, or 3.3% of the workforce, down from 3.7% in 2009. The industry makes a substantial contribution to the balance of payments and tax revenue.
- The government enforced nationwide shutdowns and rolled out financial support to help workers and businesses affected by the coronavirus. This included over £330bn (US\$458bn) in government-backstopped loans; several business tax deferments and holidays; targeted aid to the worst-hit sectors; and wage support for salaried and self-



## One-click report : United Kingdom ,March 21st 2024

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employed workers. In March 2021 the government extended a scheme to pay 80% of workers' wages until end-September, with employers' contributions rising from July 1st. A third national lockdown imposed in early January is being relaxed in stages, with a significant increase in economic activity allowed from April 12th.

- The pandemic and ensuing public health measures caused a severe economic contraction in 2020. The UK has been one of the worst-hit countries in Europe in economic terms, as well as having the region's highest cumulative total of deaths from Covid-19 and the second-highest total of cases (after France). Real GDP shrank by 9.8% in 2020. The Economist Intelligence Unit forecasts a partial rebound in real GDP growth of 5.1% in 2021, with a 5.6% expansion in 2022. We expect GDP to return to its pre-pandemic level only in 2023.
- At a general election in December 2019, the Conservative Party, under the prime minister, Boris Johnson, won a large majority. This allowed him to achieve his key campaign pledge to take the UK out of the EU; this occurred on January 31st 2020, ending 47 years of membership. The UK exited a transition period with the EU on December 31st 2020. An EU-UK free-trade agreement (FTA) was concluded in December 2020 that averted the most extreme form of "no deal" disorder, but its last-minute nature gave businesses little time to prepare. The trade pact did not include financial services, but the UK and the EU agreed and implemented some temporary arrangements to reduce disruption to financial markets. In March 2021 the UK and the EU reached agreement on a draft Memorandum of Understanding (MoU) on future co-operation in financial services. Details have not been made public, but press reports suggest that it is quite a minimal framework.
- The UK granted a designation of regulatory equivalence for many EU financial firms, allowing them to continue to operate in the country. However, the EU did not reciprocate for UK financial firms in the EU, except for derivatives clearinghouses. The UK would like to negotiate additional such designations, but any UK regulatory easing will make this less likely. The government is considering reforms to the rules governing UK financial markets, including those relating to stockmarket listings, with a view to boosting competitiveness.

## One-click report : United Kingdom ,March 21st 2024

- In March 2020 the Bank of England (BoE, the central bank) cut its main rate to 0.1%, its lowest ever level. It has extended the use of the "Ways and Means" facility, allowing the Treasury to borrow directly from the BoE. The BoE's governor, Andrew Bailey, has said that these provisions are temporary, but we do not believe that the BoE can credibly commit to withdrawing them in 2021 if doing so would risk sharply worsening the UK's borrowing position.
- We expect London to retain its status as one of the world's main financial centres, especially in the trading of foreign exchange and derivatives, but a loss of influence and post-Brexit restrictions on financial services trade with the EU are inevitable. Reaching agreement on a complex new trading arrangement will be difficult and time-consuming (taking years, rather than months), and financial firms in the UK must come to terms with the loss of "passporting" (the right of UK-regulated companies to do business in the EU and vice versa).
- Financial services companies previously serving the EU from the UK will continue to relocate some of their operations and staff to within the bloc. Although outflows of financial sector employees (and related tax revenue) from the UK have so far been modest, it is likely that the trend will continue as competing financial services hubs, including Amsterdam, Frankfurt and Paris, gradually grow in size and influence. European policymakers will boost their efforts to attract major financial functions away from London.

### Income and demographics

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
Nominal GDP (US\$ bn)	2,702.7 <sup>c</sup>	2,666.9 <sup>c</sup>	2,860.8 <sup>c</sup>	2,833.7 <sup>c</sup>	2,712.6	3,158.6	3,412.7	3,507.4	3,652.4	3,801.9
Population (m)	65.8 <sup>c</sup>	66.7 <sup>c</sup>	67.1	67.5	67.9	68.2	68.5	68.8	69.0	69.3
GDP per head (US\$ at PPP)	44,025 <sup>c</sup>	45,452 <sup>c</sup>	46,426	48,282	44,086	46,870	50,165	52,008	53,776	55,322
Private consumption per head (US\$)	26,628 <sup>c</sup>	25,780 <sup>c</sup>	27,567	26,865	24,245	28,248	30,231	30,822	31,798	33,024
No. of households ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282

## One-click report : United Kingdom ,March 21st 2024

No. of households with annual earnings above US\$5,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$10,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$50,000 ('000)	16,260	15,629	17,237	16,913	17,145	18,764	19,272	19,473	19,970	20,639
No. of households with net wealth over US\$1m ('000)	820	986	855	1,037	1,175	1,539	1,718	1,834	1,917	2,003

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Actual.

Source: The Economist Intelligence Unit.

## Healthcare

[United Kingdom](#) | [Healthcare](#) | [Spending](#)

March 18th 2021

### Overview

- The UK is the middle of a rapid coronavirus (Covid-19) vaccination programme, after facing one of the worst tolls from the pandemic globally. About 22.4m people have received their first dose of a vaccine, and more than 1.1m have received both doses. The UK prime minister, Boris Johnson, has set out a timeline for easing restrictions related to the virus on social gatherings and reopening establishments, with all legal restrictions set to be lifted by June 21st if case numbers fall as expected. As at March 2021 infections in the UK are falling rapidly.

## One-click report : United Kingdom ,March 21st 2024

- However, the UK faces considerable economic challenges, with the impact of the pandemic exacerbated by the UK's departure from the EU's single market (Brexit) on January 1st 2021. Real GDP contracted by 9.9% in 2020, and although The Economist Intelligence Unit forecasts growth of 5.1% in 2021, the economy will take until 2023 to regain its 2019 levels in nominal terms. Moreover, in order to fight the pandemic and support businesses and households, the centre-right Conservative government has let public debt rise to more than 100% of GDP, its highest level since the 1960s.
- The UK has responded to the pandemic by raising public spending on healthcare substantially, to an estimated 11% of GDP in 2020, from 10.3% recorded by the OECD for 2019. We expect this share to fall back to 10.6% in 2021 as real GDP recovers, although healthcare spending will continue rising in nominal terms. Spending growth will slow from 2023-25 as fiscal constraints begin to bite, taking the share back to 10.4%.
- Over the 2021-25 forecast period we expect health spending to rise at a robust compound annual growth rate (CAGR) of 4.6%—higher than the 4.1% growth rate seen in the five years before the pandemic. The government forecasts that total costs of the pandemic to the healthcare system will reach £27bn (US\$37bn). We expect pharmaceutical sales to rise at a CAGR of 6.1% in 2021-25, driven primarily by the vaccine rollout.

### Income and demographics

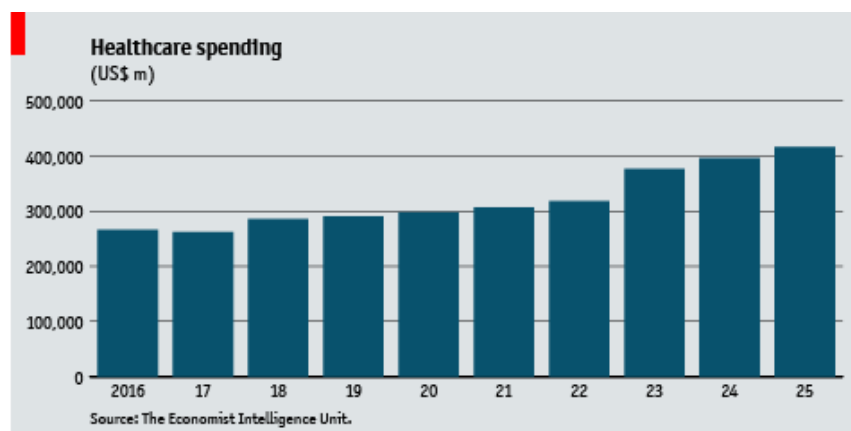
	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
Nominal GDP (US\$ bn)	2,702.7 <sup>c</sup>	2,666.9 <sup>c</sup>	2,860.8 <sup>c</sup>	2,833.7 <sup>c</sup>	2,712.6	2,900.4	3,064.7	3,643.1	3,810.0	4,008.5
Population (m)	65.8 <sup>c</sup>	66.7 <sup>c</sup>	67.1	67.5	67.9	68.2	68.5	68.8	69.0	69.3
GDP per head (US\$ at PPP)	44,025 <sup>c</sup>	45,452 <sup>c</sup>	46,426	48,282	44,130	46,530	49,545	51,293	52,957	54,092
Private consumption per head (US\$)	26,628 <sup>c</sup>	25,780 <sup>c</sup>	27,567	26,865	24,245	25,655	26,673	30,627	31,630	32,779
No. of households ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282

## One-click report : United Kingdom ,March 21st 2024

No. of households with annual earnings above US\$5,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$10,000 ('000)	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195	28,282
No. of households with annual earnings above US\$50,000 ('000)	16,260	15,629	17,237	16,913	17,145	16,648	16,941	19,459	19,973	20,609
No. of households with net wealth over US\$1m ('000)	820	986	855	1,020	1,234	1,286	1,498	1,963	2,061	2,176

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Actual.

Source: The Economist Intelligence Unit.



### Funding sources

- Healthcare provision in the UK is dominated by the National Health Service (NHS), which is financed primarily via general taxation. NHS care is free at the point of delivery, but fixed charges are levied (in England) for most

## One-click report : United Kingdom ,March 21st 2024

prescription medicines and dental care, with some exemptions.

- Public expenditure (including compulsory contributions) accounted for 77.8% of current health spending in 2019, according to the OECD. This share has fallen slightly over the past decade. It is lower than in Germany (85%) and France (83.7%), but above the OECD average (74%).

### Healthcare: key indicators

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>b</sup>	2019 <sup>b</sup>	2020 <sup>b</sup>	2021 <sup>c</sup>	2022 <sup>c</sup>	2023 <sup>c</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>
Life expectancy, average (years)	80.9	81.0	81.0 <sup>a</sup>	81.1 <sup>a</sup>	81.2 <sup>a</sup>	81.3	81.4	81.5	81.6	81.8
Life expectancy, male (years)	79.0	79.1	79.2 <sup>a</sup>	79.3 <sup>a</sup>	79.4 <sup>a</sup>	79.5	79.7	79.9	80.0	80.2
Life expectancy, female (years)	82.8	82.8	82.8 <sup>a</sup>	82.9 <sup>a</sup>	82.9 <sup>a</sup>	83.0	83.1	83.1	83.2	83.3
Infant mortality rate (per 1,000 live births)	4.3	4.3 <sup>b</sup>	4.2	4.2	4.1	4.1	4.0	4.0	4.0	3.9
Healthcare spending (£ bn)	196.9	203.4	214.2	227.4	232.4	242.7	257.5	268.8	280.0	290.5
Healthcare spending (% of GDP)	9.9	9.8	10.0	10.3	11.0	10.6	10.4	10.4	10.4	10.4
Healthcare spending (US\$ bn)	266.8	262.2	286.1	290.5	298.4	307.4	318.7	377.1	396.2	416.9
Healthcare spending (US\$ per head)	4,055	3,929	4,261	4,301	4,395	4,507	4,653	5,483	5,741	6,018
Healthcare (consumer expenditure; US\$ bn)	31.1	32.4	36.6 <sup>a</sup>	37.1 <sup>a</sup>	35.7	37.2	37.9	43.3	45.0	47.0
Doctors (per 1,000 people)	2.8	2.8	2.8 <sup>a</sup>	3.0 <sup>a</sup>	3.0	3.0	3.1	3.1	3.2	3.2
Hospital beds (per 1,000 people)	2.6 <sup>b</sup>	2.6 <sup>b</sup>	2.6	2.6	2.6	2.6	2.5	2.5	2.5	2.5

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

Sources: US Bureau of Census; UN; OECD; World Bank; The Economist Intelligence Unit.

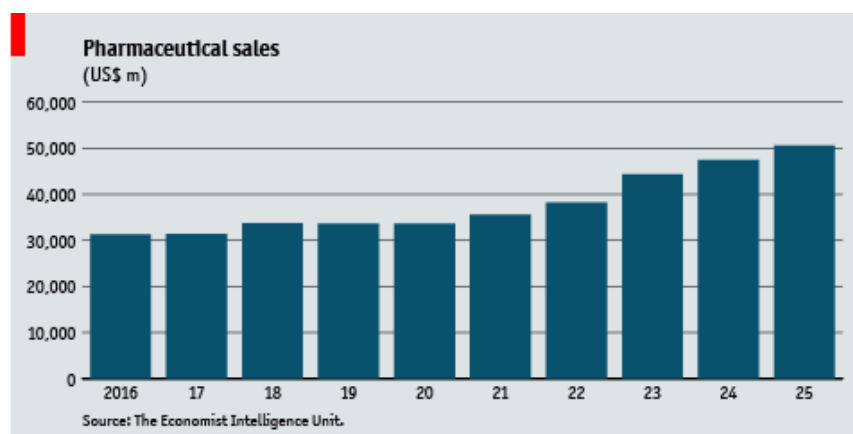
- Devolution since 1999 means that most NHS funding and commissioning occurs under separate frameworks in the four UK nations, with variations in some policy areas. This has been particularly apparent during the coronavirus

## One-click report : United Kingdom ,March 21st 2024

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crisis, with the four nations following separate lockdown policies. About 86% of funding goes to NHS England, with Scotland, Wales and Northern Ireland sharing the rest under a formula related to population size.

- Current (operational) NHS spending increased from £126.7bn in fiscal year 2018/19 (April-March) to £133.3bn in 2019/20, and was planned to rise again to £137.1bn in 2020/21. Capital spending, on hospitals and equipment, totalled £7.1bn in 2019/20. However, with an additional £63bn in funding allocated to fight the pandemic, total current NHS spending is estimated to have risen to £199.2bn in 2020/21.



- In its March 2021 budget, the government allocated £1.65bn for the Covid-19 vaccination programme, and promised a 1% pay rise for NHS staff (an increase dismissed as "derisory" by unions). Nevertheless, the total NHS allocation (including Covid-19 funds) is expected to fall back to £169.1bn in 2021/22.
- The UK's relatively weak public finances will become weaker still as a result of the coronavirus crisis. However, the government has reaffirmed a pre-pandemic long-term settlement for the NHS that will cause spending to rise by £33.9bn per year by 2023/24.

Private health insurance

## One-click report : United Kingdom ,March 21st 2024

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- Voluntary (or private) spending on healthcare accounted for 22.2% of the UK's total health expenditure in 2019, according to the OECD. Of this, out-of-pocket (OOP) spending accounted for 16.7% of total health spending, with 3% coming from private health insurance and the remainder from charitable or company schemes, according to government data.
- The share of OOP spending has risen gradually in recent years, but the private health insurance market has remained broadly flat, reflecting the dominance of the NHS. In 2018 spending on private acute medical care in hospitals and clinics fell by 1.1% to £5.8bn, according to LaingBuisson, a consultancy, reflecting a decline in care done under contract to the NHS. This decline came despite a 4.8% increase in the self-pay market.
- The leading independent healthcare group is Bupa, with 2.3m policyholders at end-June 2020. Other major insurers include AXA PPP, Aviva and VitalityHealth. Health insurers have seen claims fall during lockdowns, with many policyholders unable to access care. BUPA has pledged to refund £125m (US\$172m) to its policyholders, but rivals have not followed suit.

## Telecommunications

[United Kingdom](#) | [Telecommunications](#) | [Overview](#)

May 19th 2021

- Mobile telephony accounts for a majority of telecommunications connections in the UK. The mobile penetration rate has fallen slightly in recent years amid a largely saturated market. The Economist Intelligence Unit expects the rate to grow moderately in the early part of the five-year forecast period (2021-25) before levelling off, rising from 120% in 2020 to 126% in 2025. The number of mobile subscriptions is forecast to increase at a compound annual growth rate (CAGR) of 1.1% in 2021-25.



## One-click report : United Kingdom ,March 21st 2024

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- Fixed-line penetration is forecast to decline gradually to 41% in 2025. There were an estimated 40 broadband subscriptions per 100 people in 2019—the eighth-highest rate in the OECD—with total internet user penetration at 92.5% of the population. We forecast a rise in internet subscriber penetration from 43 per 100 people in 2021 to 45 per 100 by 2025, with the impact of the coronavirus (Covid-19) pandemic likely to accelerate the upward trend.
- A UK digital strategy was published in March 2017, covering areas such as connectivity, digital skills and cyber-security. An updated digital strategy, which is expected to focus on tech-led economic growth and productivity, in light of the pandemic, is scheduled for publication sometime in 2021. Alongside this strategy, the government has established a new central digital and data office, which became operational in February 2021. The office will be focused on innovation and transformation strategies relating to cyber-security, data and emerging technologies.
- In November 2020 the government published its Telecommunications (Security) bill, aimed at safeguarding the country's fifth-generation (5G) and fibre broadband infrastructure. The bill provides the state with new powers to impose controls on the use of telecoms goods, services or facilities deemed to be a high risk to national security. Companies that violate these controls will be subject to a fine of 10% equal to turnover or a fine of up to £100,000 (US\$138,000) per day in cases of persistent contravention.
- In March 2020 the government and Ofcom, the telecoms regulator, agreed on a scheme with the UK's four main mobile network operators (MNOs)—O2, EE, Vodafone and Three—for a shared rural 4G network to remove most connectivity "not spots"—a term used to describe the absence of 4G coverage—by 2025. The digital strategy aims for a majority of the population to have 5G mobile coverage by 2027.
- An initial July 2018 commitment to achieve "full-fibre broadband coverage" for by 2025 has since been watered down to a minimum of 85% "gigabit-capable broadband" by the same year. Most of the network will be built through private investment, with a government budget of £5bn (US\$6.4bn) allocated for the 20% of UK premises that are hardest to reach. In November 2020 the government outlined details of an initial plan to spend £1.2bn of this funding over the next four years.

## One-click report : United Kingdom ,March 21st 2024

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### Telecoms penetration

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>b</sup>	2020 <sup>b</sup>	2021 <sup>c</sup>	2022 <sup>c</sup>	2023 <sup>c</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>
Telephone main lines (m)	32.6	31.8	31.5	30.9	30.2	29.8	29.3	28.8	28.5	28.2
Telephone main lines (per 100 people)	49.6	47.6	46.9	45.7	44.4	43.7	42.8	41.9	41.3	40.6
Mobile subscriptions (m)	78.9	79.1	79.5	81.0 <sup>a</sup>	81.8	82.6	84.0	84.9	86.0	87.3
Mobile subscriptions (per 100 people)	120.0	118.5	118.4	119.9	120.4	121.2	122.7	123.4	124.6	126.0

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

Sources: International Telecommunication Union; The Economist Intelligence Unit.

## One-click report : United Kingdom ,March 21st 2024

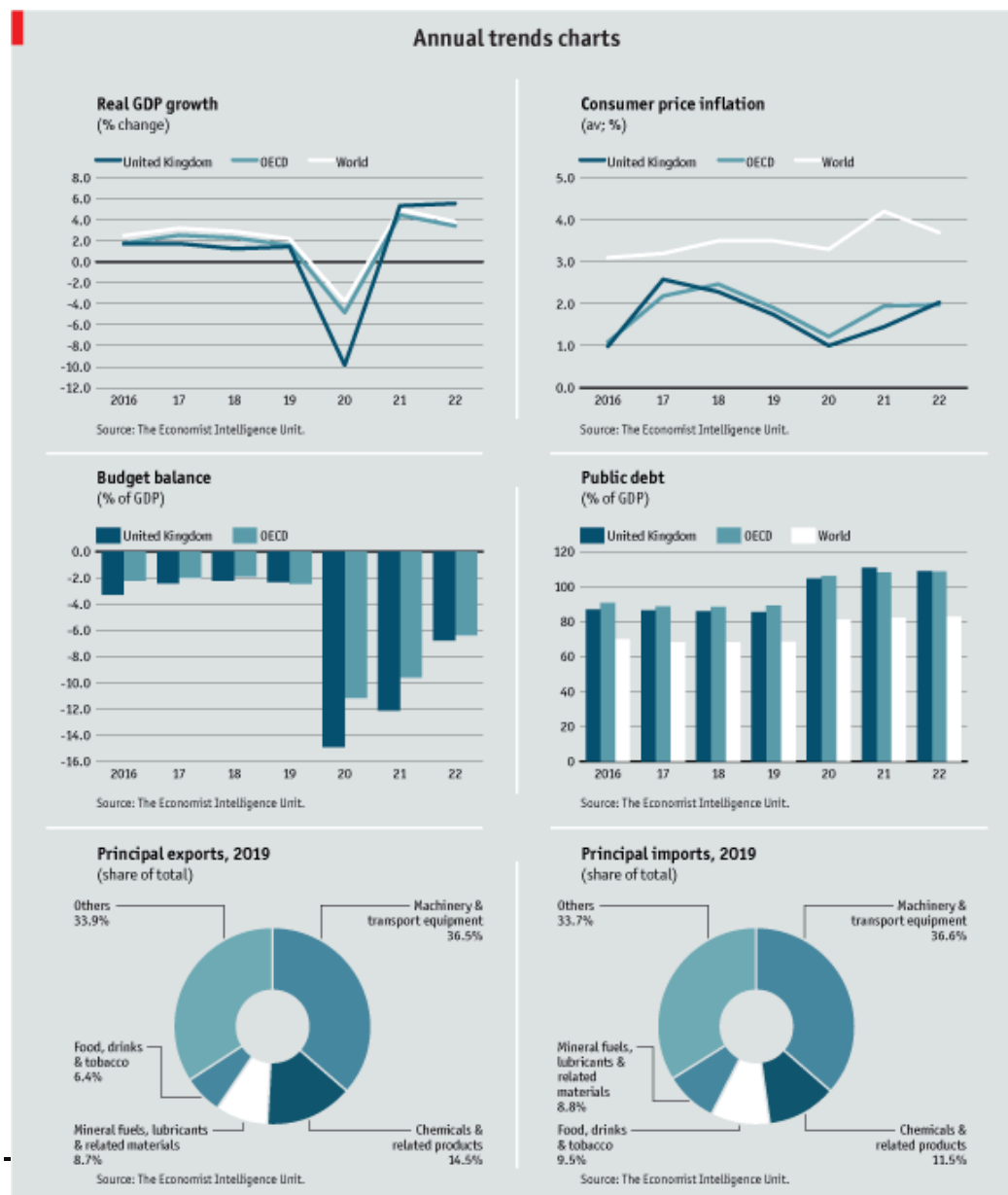
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# Data and charts: Annual trends charts

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Annual trends charts](#)

May 10th 2021

## One-click report : United Kingdom ,March 21st 2024


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## One-click report : United Kingdom ,March 21st 2024

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## One-click report : United Kingdom ,March 21st 2024

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# Data and charts: Quarterly trends charts

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Quarterly trends charts](#)

May 10th 2021

## One-click report : United Kingdom ,March 21st 2024

## Quarterly trends charts

Real GDP growth  
(% change)

Source: The Economist Intelligence Unit.

Consumer price inflation  
(av; %)

Source: The Economist Intelligence Unit.

Imports and domestic demand  
(% change)

Source: The Economist Intelligence Unit.

Exports of goods and services  
(% change)

Source: The Economist Intelligence Unit.

Interest rates  
(av; %)

Source: The Economist Intelligence Unit.

Exchange rate  
(US\$:£; av)

Source: The Economist Intelligence Unit.

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## One-click report : United Kingdom ,March 21st 2024

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## One-click report : United Kingdom ,March 21st 2024

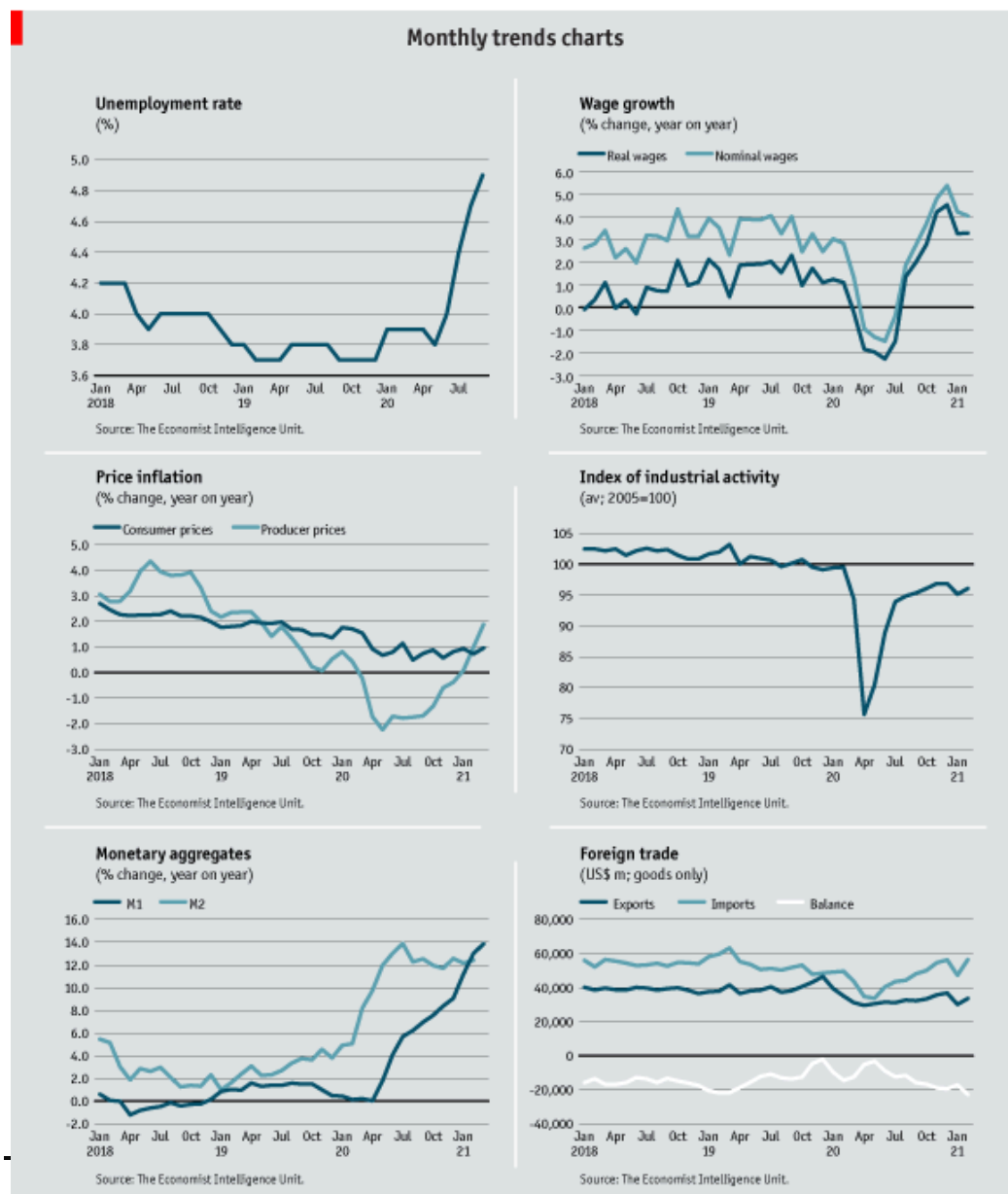
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# Data and charts: Monthly trends charts

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May 10th 2021

## One-click report : United Kingdom ,March 21st 2024



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## One-click report : United Kingdom ,March 21st 2024

## Data summary: Gross domestic product, current market prices

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [GDP at current market prices](#)

May 11th 2021

### Gross domestic product, at current market prices

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Expenditure on GDP (£ bn at current market prices)</b>										
GDP	1,994.7	2,068.8	2,141.8	2,218.4	2,112.0	2,241.7	2,436.0	2,512.5	2,590.1	2,677.2
Private consumption	1,293.0	1,334.4	1,385.7	1,420.3	1,284.7	1,365.7	1,473.2	1,511.3	1,545.5	1,590.4
Government consumption	382.0	387.3	398.4	423.1	481.8	503.9	542.1	565.0	590.6	613.7
Gross fixed investment	353.2	372.3	381.2	399.5	371.0	407.3	454.3	481.5	502.2	522.4
Exports of goods & services	563.2	622.9	661.6	689.3	578.0	631.6	684.3	709.9	732.1	758.8
Imports of goods & services	599.4	652.8	687.1	716.7	585.5	671.9	717.3	755.1	781.2	810.1
Stockbuilding	2.7	4.6	1.9	6.9	-12.7	3.2	-0.5	0.0	1.0	2.0
Domestic demand	2,030.8	2,098.6	2,167.3	2,249.8	2,124.8	2,280.0	2,469.1	2,557.7	2,639.2	2,728.6
<b>Expenditure on GDP (US\$ bn at current market prices)</b>										
GDP	2,702.7	2,666.9	2,860.8	2,833.7	2,711.3	3,140.3	3,484.4	3,530.1	3,697.3	3,895.4
Private consumption	1,751.9	1,720.2	1,850.9	1,814.2	1,649.2	1,913.1	2,107.3	2,123.3	2,206.2	2,314.1
Government consumption	517.6	499.3	532.2	540.5	618.5	705.8	775.3	793.8	843.0	893.0

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## One-click report : United Kingdom ,March 21st 2024

Gross fixed investment	478.6	480.0	509.2	510.3	476.2	570.5	649.8	676.5	716.9	760.1
Exports of goods & services	763.2	803.0	883.7	880.4	742.0	884.8	978.8	997.4	1,045.0	1,104.1
Imports of goods & services	812.1	841.5	917.8	915.5	751.7	941.2	1,026.0	1,060.9	1,115.2	1,178.8
Stockbuilding	3.6	6.0	2.6	8.8	-16.3	4.5	-0.7	0.0	1.4	2.9
Domestic demand	2,751.6	2,705.5	2,894.9	2,873.8	2,727.6	3,193.9	3,531.7	3,593.6	3,767.5	3,970.1
<b>Economic structure (% of GDP at current market prices)</b>										
Household consumption	64.8	64.5	64.7	64.0	60.8	60.9	60.5	60.1	59.7	59.4
Government consumption	19.1	18.7	18.6	19.1	22.8	22.5	22.3	22.5	22.8	22.9
Gross fixed investment	17.7	18.0	17.8	18.0	17.6	18.2	18.6	19.2	19.4	19.5
Stockbuilding	0.1	0.2	0.1	0.3	-0.6	0.1	0.0	0.0	0.0	0.1
Exports of goods & services	28.2	30.1	30.9	31.1	27.4	28.2	28.1	28.3	28.3	28.3
Imports of goods & services	30.0	31.6	32.1	32.3	27.7	30.0	29.4	30.1	30.2	30.3
<b>Memorandum item</b>										
National savings ratio (%)	12.4	14.5	14.2	15.2	13.4	14.1	15.0	15.2	15.3	15.6

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts.

## One-click report : United Kingdom ,March 21st 2024

## Data summary: Gross domestic product, at constant prices

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### Gross domestic product, at constant prices

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Real expenditure on GDP (£ bn at chained 2013 prices)</b>										
GDP	2,079.1	2,115.3	2,141.8	2,172.5	1,958.6	2,063.1	2,177.8	2,217.9	2,255.1	2,293.7
Household consumption	1,350.8	1,366.1	1,385.6	1,400.9	1,247.3	1,310.7	1,383.1	1,400.6	1,414.0	1,436.5
Government consumption	393.0	395.9	398.4	414.4	387.6	422.5	433.1	439.1	447.0	452.8
Gross fixed investment	369.6	379.8	381.2	387.1	353.1	380.0	419.7	440.5	454.8	468.5
Exports of goods & services	609.2	642.1	661.6	679.2	571.8	601.2	641.9	655.6	671.6	690.5
Imports of goods & services	651.6	668.9	687.1	705.9	580.1	643.6	688.6	707.1	722.4	745.6
Stockbuilding (% of GDP)	8.8	13.5	-0.8	1.7	-9.6	3.2	-0.5	0.0	1.0	2.0
Domestic demand	2,123.5	2,157.2	2,167.2	2,202.9	1,971.1	2,112.2	2,229.6	2,275.2	2,311.5	2,354.6
<b>Real expenditure on GDP (% change)</b>										
GDP	1.7	1.7	1.3	1.4	-9.9	5.3	5.6	1.8	1.7	1.7
Household consumption	3.4	1.1	1.4	1.1	-11.0	5.1	5.5	1.3	1.0	1.6
Government consumption	1.0	0.7	0.6	4.0	-6.5	9.0	2.5	1.4	1.8	1.3
Gross fixed investment	4.4	2.8	0.4	1.5	-8.8	7.6	10.4	4.9	3.3	3.0

## One-click report : United Kingdom ,March 21st 2024

Exports of goods & services	2.7	5.4	3.0	2.7	-15.8	5.1	6.8	2.1	2.4	2.8
Imports of goods & services	3.9	2.6	2.7	2.7	-17.8	10.9	7.0	2.7	2.2	3.2
Stockbuilding (% contribution to GDP growth)	-0.1	0.2	-0.7	0.1	-0.5	0.7	-0.2	0.0	0.0	0.0
Domestic demand	3.0	1.6	0.5	1.6	-10.5	7.2	5.6	2.0	1.6	1.9
<b>Real contribution to GDP growth (% points)</b>										
Private consumption	2.2	0.7	0.9	0.7	-7.1	3.2	3.5	0.8	0.6	1.0
Government consumption	0.2	0.1	0.1	0.7	-1.2	1.8	0.5	0.3	0.4	0.3
Gross fixed investment	0.8	0.5	0.1	0.3	-1.6	1.4	1.9	1.0	0.6	0.6
External balance	-0.4	0.8	0.1	-0.1	0.8	-1.7	-0.2	-0.2	0.0	-0.2
<b>Memorandum items</b>										
Industrial production (% change)	1.1	1.8	0.9	-1.2	-8.0	6.4	4.2	1.7	1.6	1.6
Real personal disposable income (% change)	0.5	0.1	2.3	1.8	-0.7	-2.5	1.1	0.1	0.4	1.6

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts.

## One-click report : United Kingdom ,March 21st 2024

## Data summary: Gross domestic product by sector of origin

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### Gross domestic product by sector of origin

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Origin of GDP (£ bn at chained 2010 prices)</b>										
GDP at factor cost	1,852.6	1,884.9	1,910.2	1,937.4	1,760.0	1,854.0	1,957.0	1,993.0	2,026.5	2,061.2
Agriculture	11.8	12.6	12.2	13.0	11.7	11.0	11.4	11.8	11.9	12.1
Industry	373.9	385.7	388.2	387.2	348.7	371.4	386.3	392.0	397.5	403.1
Services	1,466.8	1,486.6	1,509.9	1,537.2	1,399.5	1,471.5	1,559.4	1,589.1	1,617.0	1,646.0
<b>Origin of GDP (real % change)</b>										
Agriculture	-6.0	6.3	-3.3	6.3	-9.3	-6.0	3.0	4.0	1.0	1.0
Industry	2.0	3.1	0.6	-0.2	-9.9	6.5	4.0	1.5	1.4	1.4
Services	1.6	1.4	1.6	1.8	-9.0	5.1	6.0	1.9	1.8	1.8
<b>Origin of GDP (% of factor cost GDP)</b>										
Agriculture	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6
Industry	20.0	20.4	20.3	20.0	19.9	20.2	19.9	19.8	19.7	19.7

## One-click report : United Kingdom ,March 21st 2024

Services	79.3	79.0	79.0	79.4	79.4	79.2	79.6	79.6	79.7	79.7
<b>Memorandum item</b>										
Industrial production (% change)	1.1	1.8	0.9	-1.2	-8.0	6.4	4.2	1.7	1.6	1.6

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts.

## Data summary: Growth and productivity

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Growth and productivity](#)

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### Growth and productivity

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Growth and productivity (%)</b>										
Labour productivity growth	0.3	0.7	0.1	0.3	-9.4	6.5	4.3	0.8	0.9	1.3
Total factor productivity growth	-0.2	0.1	-0.4	-0.1	-9.8	1.0	0.3	0.1	0.1	0.4
Growth of capital stock	2.9	2.9	2.5	2.4	0.9	1.7	2.8	3.1	3.2	3.1
Growth of potential GDP	1.7	1.6	1.5	1.5	2.6	1.5	1.6	1.5	1.4	1.7
Growth of real GDP	1.7 <sup>c</sup>	1.7 <sup>c</sup>	1.3 <sup>c</sup>	1.4 <sup>c</sup>	-9.9 <sup>c</sup>	5.3	5.6	1.8	1.7	1.7
Growth of real GDP per head	1.1 <sup>c</sup>	0.3 <sup>c</sup>	0.6 <sup>c</sup>	0.9 <sup>c</sup>	-10.3 <sup>c</sup>	4.8	5.1	1.4	1.3	1.3

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Actual.



## One-click report : United Kingdom ,March 21st 2024

## Data summary: Economic structure, income and market size

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### Economic structure, income and market size

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Population, income and market size</b>										
Population (m)	65.8	66.7	67.1	67.5	67.9	68.2	68.5	68.8	69.0	69.3
GDP (US\$ bn at market exchange rates)	2,703	2,667	2,861	2,834	2,711	3,140	3,484	3,530	3,697	3,895
GDP per head (US\$ at market exchange rates)	41,081	39,968	42,609	41,963	39,938	46,041	50,869	51,335	53,568	56,232
Private consumption (US\$ bn)	1,752	1,720	1,851	1,814	1,649	1,913	2,107	2,123	2,206	2,314
Private consumption per head (US\$)	26,628	25,780	27,567	26,865	24,294	28,049	30,764	30,878	31,963	33,405
GDP (US\$ bn at PPP)	2,896	3,033	3,117	3,260	2,975	3,171	3,425	3,571	3,711	3,843
GDP per head (US\$ at PPP)	44,025	45,452	46,426	48,282	43,824	46,498	49,998	51,936	53,770	55,473
Personal disposable income (£ bn)	1,348	1,376	1,441	1,483	1,494	1,480	1,529	1,550	1,577	1,622
Personal disposable income (US\$ bn)	1,826	1,774	1,925	1,894	1,918	2,073	2,187	2,178	2,251	2,361
Growth of real disposable income (%)	0.5	0.1	2.3	1.5 <sup>c</sup>	-0.8 <sup>c</sup>	-2.1	1.1	0.1	0.4	1.6
<b>Memorandum items</b>										
Share of world population (%)	0.89	0.89	0.89	0.89	0.88	0.88	0.88	0.88	0.88	0.89
Share of world GDP (% at market exchange rates)	3.58	3.32	3.35	3.26	3.22	3.38	3.57	3.45	3.42	3.40

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Share of world GDP (% at PPP)	2.53	2.52	2.43	2.43	2.26	2.25	2.29	2.26	2.23	2.20
Share of world exports of goods (%)	2.57	2.50	2.47	2.58	2.36	2.47	2.59	2.48	2.41	2.36

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Economist Intelligence Unit estimates.

## Data summary: Fiscal indicators

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Fiscal indicators](#)

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### Fiscal indicators

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>c</sup>	2022 <sup>c</sup>	2023 <sup>c</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>
<b>Fiscal indicators (% of GDP)</b>										
Government expenditure	41.5	41.3	41.1	41.1	50.8	49.0	43.9	43.9	44.5	44.5
Interest <sup>d</sup>	2.4	2.7	2.4	2.1	2.0	1.7	2.0	2.1	2.5	2.5
Non-interest <sup>d</sup>	39.1	38.6	38.6	38.9	48.8	47.3	41.9	41.8	42.0	42.0
Government revenue <sup>d</sup>	38.3	38.8	38.8	38.8	35.9	36.9	37.1	40.6	41.9	41.8
Budget balance <sup>d</sup>	-3.3	-2.4	-2.2	-2.3	-14.9	-12.1	-6.8	-3.4	-2.6	-2.7
Primary balance <sup>d</sup>	-0.9	0.3	0.2	-0.2	-12.9	-10.4	-4.8	-1.2	-0.2	-0.1
Government debt <sup>e</sup>	86.8	86.3	85.8	85.2	104.5	110.7	108.7	108.6	107.9	107.1

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts. <sup>d</sup> General government. <sup>e</sup> General government, gross public debt (Maastricht definition). Includes impact of financial sector interventions in Northern Rock, Bradford & Bingley and compensation

## One-click report : United Kingdom ,March 21st 2024

payments to Icelandic bank depositors. Does not include impact of reclassification of Royal Bank of Scotland and Lloyds Banking Group as public corporations by the Office for National Statistics. Does not include impact of gilt transactions with the Bank of England. End-period.

## Data summary: Monetary indicators

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### Monetary indicators

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Monetary indicators</b>										
Exchange rate US\$:£ (av)	1.35	1.29	1.34	1.28	1.28	1.40	1.43	1.41	1.43	1.46
Exchange rate €:£ (av)	1.22	1.14	1.13	1.14	1.12	1.19	1.23	1.25	1.21	1.17
Exchange rate US\$:€ (av)	1.11	1.13	1.18	1.12	1.14	1.18	1.17	1.13	1.18	1.24
Exchange rate €:£ (year-end)	1.17	1.13	1.12	1.15	1.08	1.20	1.26	1.23	1.19	1.16
Real effective exchange rate (av; 2010=100)	102.4	97.1	98.8	98.4	98.6	104.2	107.7	107.8	106.6	105.4
M4 money supply growth (%) <sup>c</sup>	6.2	4.8	2.3	3.8	12.7 <sup>d</sup>	7.2	8.4	4.6	3.0	3.3
Domestic credit growth (%)	4.2	5.4	3.2	4.9	3.2 <sup>d</sup>	2.7	6.5	1.2	3.0	3.3
Purchasing power parity US\$:£ (av)	1.45	1.47	1.46	1.47	1.41	1.41	1.41	1.42	1.43	1.44
3-month £-Libor rate (av; %)	0.5	0.4	0.7	0.8	0.3	0.1	0.5	0.8	1.0	1.0

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10-year government bond yield (av; %)	1.3	1.2	1.5	0.9	0.4	0.9	1.3	1.5	1.9	1.9
Bank of England base rate (%; end-period)	0.25	0.50	0.75	0.75	0.10	0.10	0.25	0.75	1.25	1.50
Lending rate (%; average mortgage SVR from UK MFIs)	4.4	4.4	4.3	4.3	3.8	3.7	4.0	4.2	4.4	4.5
Deposit rate (av; %)	1.3	0.9	0.9	0.9	0.4	0.3	0.9	1.3	1.5	1.5

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Headline broad money (M4) figures from Bank of England include deposits of "intermediate other financial corporations" (IOFCs) that specialise in intermediation between banks, giving a distorted measure of underlying M4 growth. <sup>d</sup> Economist Intelligence Unit estimates.

## Data summary: Employment, wages and prices

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### Employment, wages and prices

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>The labour market (av)</b>										
Labour force (m)	33.4	33.5	33.8	34.1	34.2	34.2	34.4	34.5	34.7	34.8
Labour force (% change)	0.9	0.5	0.9	0.8	0.2	0.0	0.6	0.5	0.4	0.4
Employment (m)	31.7	32.1	32.4	32.8	32.6	32.3	32.7	33.0	33.3	33.4

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Employment (% change)	1.5	1.0	1.2	1.1	-0.5	-1.1	1.2	1.0	0.8	0.4
Unemployment (m)	1.6	1.5	1.4	1.3	1.5	1.9	1.7	1.5	1.4	1.4
Unemployment rate (%; EU/OECD standardised measure)	4.9	4.4	4.1	3.8	4.5	5.5	4.9	4.5	4.1	4.0
<b>Wage and price inflation (% except labour costs per hour)</b>										
GDP deflator	2.2	1.9	2.2	2.1	5.6	0.8	2.9	1.3	1.4	1.6
Consumer prices (av; CPIH measure)	1.0	2.6	2.3	1.7	1.0	1.5	2.0	1.8	1.7	1.6
Producer prices (av)	0.2	3.9	3.4	1.4	-1.0	3.4	2.9	1.5	1.8	2.0
GDP deflator (av)	2.2	1.9	2.2	2.1	5.6 <sup>c</sup>	0.8	2.9	1.3	1.4	1.6
Private consumption deflator (av)	1.4	2.0	2.4	1.4	1.6 <sup>c</sup>	1.2	2.2	1.3	1.3	1.3
Government consumption deflator (av)	0.9	0.7	2.2	2.1	21.7 <sup>c</sup>	-4.1	5.0	2.8	2.7	2.6
Fixed investment deflator (av)	2.2	2.6	2.0	3.2	1.8 <sup>c</sup>	2.0	1.0	1.0	1.0	1.0
Average nominal wages (av)	2.4	2.3	3.0	3.4	1.8	2.0	3.9	3.3	2.7	2.6
Average real wages (av)	1.4	-0.3	0.7	1.6	0.8	0.5	1.8	1.5	1.0	1.0
Unit labour costs (£-based; av)	2.2	2.4	2.8	3.3	15.0	-3.7	0.6	3.5	2.8	2.3
Unit labour costs (US\$-based)	-9.4	-2.6	6.5	-1.2	15.6	5.1	2.7	1.6	4.5	4.3
Labour costs per hour (£)	21.3 <sup>c</sup>	22.0 <sup>c</sup>	22.7 <sup>c</sup>	23.5 <sup>c</sup>	23.9	24.4	25.3	26.2	26.9	27.6
Labour costs per hour (US\$)	28.9 <sup>c</sup>	28.4 <sup>c</sup>	30.3 <sup>c</sup>	30.0 <sup>c</sup>	30.7	34.2	36.2	36.8	38.4	40.1

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Economist Intelligence Unit estimates.

## One-click report : United Kingdom ,March 21st 2024

## Data summary: Current account and terms of trade

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Current account and terms of trade](#)

May 11th 2021

### Current account and terms of trade

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>
<b>Current account (US\$ bn)</b>										
Current-account balance	-147.7	-100.5	-104.8	-87.6	-95.4	-132.8	-127.6	-139.5	-150.9	-157.2
Current-account balance (% of GDP)	-5.5	-3.8	-3.7	-3.1	-3.5	-4.2	-3.7	-4.0	-4.1	-4.0
Goods: exports fob	402.0	433.1	468.6	476.3	399.1	481.3	538.6	541.5	551.1	571.7
Goods: imports fob	-581.4	-607.5	-651.1	-643.6	-548.0	-674.3	-726.4	-752.9	-790.1	-833.9
Trade balance	-179.4	-174.5	-182.4	-167.3	-148.8	-193.0	-187.9	-211.4	-239.0	-262.1
Services: credit	358.7	369.5	414.1	403.6	342.8	403.1	439.5	455.2	493.0	531.8
Services: debit	-228.1	-233.6	-265.5	-271.3	-205.0	-253.5	-275.3	-283.1	-302.2	-324.7
Services balance	130.6	135.9	148.6	132.3	137.8	149.6	164.2	172.1	190.8	207.1
Primary income: credit	186.5	241.8	291.5	277.8	166.5	156.3	180.8	201.5	214.4	235.5
Primary income: debit	-253.3	-274.9	-328.5	-296.6	-215.0	-203.9	-238.3	-254.6	-267.8	-285.8
Primary income balance	-66.8	-33.1	-37.0	-18.8	-48.5	-47.6	-57.5	-53.1	-53.5	-50.3
Secondary income: credit	23.0	22.7	24.9	24.4	22.4	25.9	28.8	29.2	30.5	32.2
Secondary income: debit	-55.2	-51.7	-58.9	-58.3	-58.5	-67.8	-75.2	-76.2	-79.8	-84.0

## One-click report : United Kingdom ,March 21st 2024

Secondary income balance	-32.2	-29.0	-34.0	-33.9	-36.1	-41.8	-46.4	-47.0	-49.2	-51.9
<b>Terms of trade</b>										
Export price index (US\$-based; 2010=100)	89.0	89.9	96.5	92.3	89.7 <sup>c</sup>	103.8	107.0	106.5	107.9	110.1
Export prices (% change)	-6.5	1.1	7.3	-4.3	-2.8 <sup>c</sup>	15.7	3.1	-0.4	1.3	2.0
Import price index (US\$-based; 2010=100)	88.5	89.6	95.4	89.7	86.3 <sup>c</sup>	98.0	99.0	99.9	102.6	104.6
Import prices (% change)	-8.5	1.2	6.5	-5.9	-3.8 <sup>c</sup>	13.6	0.9	1.0	2.7	2.0
Terms of trade (2010=100)	100.5	100.4	101.2	102.9	103.9 <sup>c</sup>	105.9	108.1	106.6	105.1	105.2
<b>Memorandum item</b>										
Export market growth (%)	4.1	4.7	4.4	1.2 <sup>c</sup>	-4.9 <sup>c</sup>	6.7	6.0	4.6	3.9	3.6

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Economist Intelligence Unit estimates.

## One-click report : United Kingdom ,March 21st 2024

## Data summary: Foreign direct investment

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Foreign direct investment](#)

May 11th 2021

### Foreign direct investment

	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>c</sup>	2022 <sup>c</sup>	2023 <sup>c</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>
<b>Foreign direct investment (US\$ bn)</b>										
Inward direct investment	324.8	125.4	81.2	2.3	18.2	43.9	97.2	123.8	118.2	136.4
Inward direct investment (% of GDP)	12.0	4.7	2.8	0.1	0.7	1.4	2.8	3.5	3.2	3.5
Inward direct investment (% of gross fixed investment)	67.9	26.1	15.9	0.5	3.8	7.7	14.9	18.2	16.4	17.9
Outward direct investment	-33.0	-172.0	-56.4	48.2	35.3 <sup>a</sup>	61.9	57.4	56.7	56.9	57.2
Net foreign direct investment	291.8	-46.6	24.8	50.5	53.5	105.8	154.7	180.5	175.0	193.6
Stock of foreign direct investment	2,009.0	2,292.0	2,291.0	2,372.0	2,390.2	2,434.1	2,531.3	2,655.1	2,773.3	2,909.7
Stock of foreign direct investment per head (US\$)	30,537	34,349	34,122	35,125	35,209	35,687	36,955	38,611	40,180	42,003
Stock of foreign direct investment (% of GDP)	74.3	85.9	80.1	83.7	88.2	77.5	72.6	75.2	75.0	74.7
<b>Memorandum items</b>										
Share of world inward direct investment flows (%)	12.0	5.7	16.0	0.2	1.6	3.5	7.4	9.0	8.3	9.2
Share of world inward direct investment stock (%)	7.1	7.6	7.2	6.9	7.1	6.8	6.7	6.7	6.8	6.9

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.



## Political structure

[United Kingdom](#) | [Summary](#) | [Political structure](#)

May 10th 2021

### Official name

United Kingdom of Great Britain and Northern Ireland

### Form of state

Parliamentary monarchy

### Legal system

Based on statute and common law; no written constitution; Scotland has its own system

### National legislature

Bicameral; the House of Commons (the lower house of parliament) has 650 members directly elected on a first-past-the-post basis; the House of Lords (the upper house, with about 800 members) was reformed in 1999, when most hereditary peers lost their seats

### Electoral system

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## One-click report : United Kingdom ,March 21st 2024

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Universal direct suffrage from the age of 18

### National elections

Most recent general election: December 12th, 2019. Next election scheduled: May 2nd 2024

### Head of state

Queen Elizabeth II, who acceded to the throne in 1952

### National government

Cabinet headed by the prime minister, who is appointed by the monarch on the basis of ability to form a government with the support of the House of Commons. The centre-right Conservative Party took office as a majority government in December 2019

### Main political parties

Conservative Party, Labour Party, Liberal Democrats, UK Independence Party (UKIP), Reform UK (formerly Brexit Party), Green Party, Scottish National Party (SNP), Plaid Cymru (Welsh National Party); Northern Ireland parties: Ulster Unionist Party (UUP), Democratic Unionist Party (DUP), Alliance Party, Social Democratic and Labour Party (SDLP), Sinn Fein

Prime minister: Boris Johnson

Attorney general: Suella Braverman

## One-click report : United Kingdom ,March 21st 2024

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Chancellor of the exchequer: Rishi Sunak

Chief secretary to the Treasury: Stephen Barclay

Leader of the House of Lords & Lord Privy Seal: Baroness Evans

Leader of the House of Commons: Jacob Rees-Mogg

Minister for the Cabinet Office: Michael Gove

Party chair & minister without portfolio: Amanda Milling

Parliamentary secretary to the Treasury & chief whip: Mark Spencer

### Secretaries of state

Business, energy & industrial strategy: Kwasi Kwarteng

Defence: Ben Wallace

Digital, culture, media & sport: Oliver Dowden

Education: Gavin Williamson

Environment, food & rural affairs: George Eustice

Foreign & Commonwealth affairs: Dominic Raab

Health & social care: Matt Hancock

Home Office: Priti Patel

Housing, communities & local government: Robert Jenrick

International trade: Liz Truss

## One-click report : United Kingdom ,March 21st 2024

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Justice & Lord Chancellor: Robert Buckland

Northern Ireland: Brandon Lewis

Scotland: Alister Jack

Transport: Grant Shapps

Wales: Simon Hart

Work & pensions: Therese Coffey

### Central bank governor

Andrew Bailey

## Basic data

[United Kingdom](#) | [Summary](#) | [Basic data](#)

May 10th 2021

### Land area

244,100 sq km (including inland water), of which 71% is arable and pasture land, 10% forest and 19% urban and other.  
England totals 130,400 sq km, Scotland 78,800 sq km, Wales 20,800 sq km and Northern Ireland 14,100 sq km

## One-click report : United Kingdom ,March 21st 2024

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### Population

66.8m (official mid-year estimate, 2019)

### Main urban areas

Population in '000 (official mid-year estimates, 2019)

Greater London (capital): 8,962

West Midlands: 2,929

Greater Manchester: 2,836

West Yorkshire: 2,332

Merseyside: 1,430

### Climate

Temperate

### Weather in London (altitude 5 metres)

Hottest month, July, 13-22°C; coldest month, January, 2-6°C; driest months, March, April, 37 mm average rainfall; wettest month, November, 64 mm average rainfall

### Language

## One-click report : United Kingdom ,March 21st 2024

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English. Welsh is also spoken in Wales, and Gaelic in parts of Scotland

### Measures

Officially metric system, but the former UK imperial system is still widely used

### Currency

Pound (or pound sterling) = 100 pence

### Time

GMT (summer time, 1 hour ahead)

### Fiscal year

April 1st to March 31st; tax year April 6th to April 5th

### Public holidays

January 1st (New Year's Day), April 2nd (Good Friday), April 5th (Easter Monday), May 3rd (Early May Bank Holiday), May 31st (Spring Bank Holiday), August 30th (Summer Bank Holiday), December 27th and 28th (Christmas Day and Boxing Day\*)

(\*Christmas Day and Boxing Day are traditionally celebrated on December 25th and 26th. As those days fall on a weekend in 2021, the next two working days are given as holiday)

## One-click report : United Kingdom ,March 21st 2024

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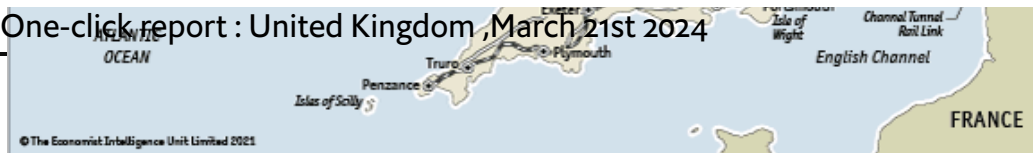
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