ECONOMIST INTELLIGENCE EIU Viewpoint

One-click report : United Kingdom

September 24th 2020

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One-click report : United Kingdom

Briefing sheet

United Kingdom | Summary | Briefing sheet

September 1st 2020

Political and economic outlook

- The December 2019 election gave the government of Boris Johnson, the prime minister, a secure majority and a strong mandate to pursue an interventionist economic policy. The Economist Intelligence Unit expects the coronavirus crisis to reinforce this orientation.
- On January 31st the UK left the EU after 47 years of membership. The UK is currently in a transition period lasting until December 31st 2020, during which time it will remain in the single market and customs union.
- The future UK-EU relationship remains highly uncertain. The transition period will expire by the end of 2020, which will create new trade barriers, although this may be mitigated by an EU-UK free-trade agreement.
- The Treasury has provided more than £375bn (US$475bn) in support to the economy through loans, wage support and job programmes, with a further budget planned for the autumn.
- Falling revenue and increased government spending will result in a fiscal deficit equivalent to 18.2% of GDP and public debt of 110.8% of GDP in 2020.
- The Bank of England (BoE, the central bank) has cut rates to historic lows of 0.1% and has committed to £300bn in bond-buying since March. It will directly finance government spending temporarily via the Ways and Means

facility.

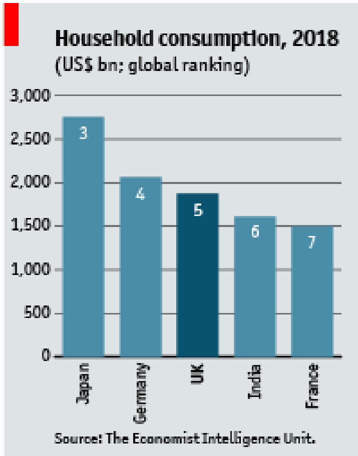
- The coronavirus outbreak caused all non-essential retail activities to be suspended for most of the second quarter. A gradual reopening is now under way. We expect real GDP to decline by 9.5% in 2020, before rebounding by 6.9% in 2021.

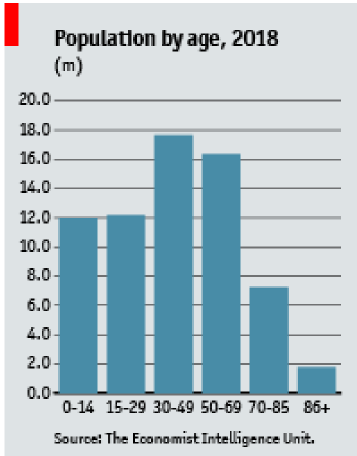
Key indicators

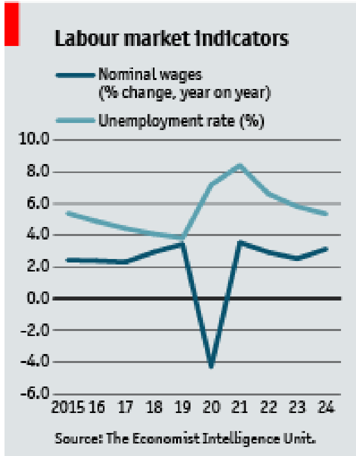
	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Real GDP growth (%)	1.5	-9.5	6.9	2.1	1.6	1.6
Consumer price inflation (av; %)	1.7	0.8	0.5	0.9	1.1	1.5
Government balance (% of GDP)	-2.1[c]	-18.2	-7.1	-3.9	-2.2	-2.8
Current-account balance (% of GDP)	-4.0[c]	-1.7	-2.7	-2.9	-3.1	-3.1
Money-market rate (av; %)	0.8	0.4	0.3	0.7	0.8	1.0
Unemployment rate (%)	3.8	7.2	8.4	6.6	5.8	5.3
Exchange rate £:US$ (av)	0.78	0.78	0.78	0.76	0.73	0.71

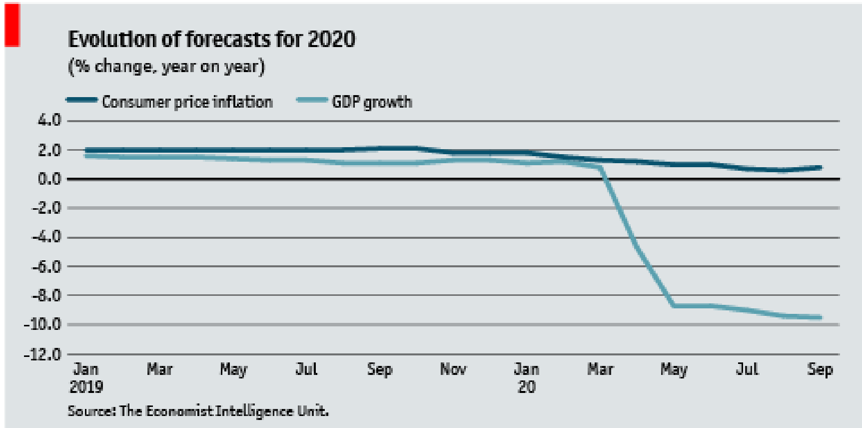
[a] Actual. [b] Economist Intelligence Unit forecasts. [c] Economist Intelligence Unit estimates.

Market opportunities









Key changes since July 23rd

- Preliminary second-quarter GDP figures showed a 20.4% quarterly decline in output, largely consistent with our forecast of a 20.6% decline.
- Second-quarter external sector data have shown the UK achieving a trade surplus, owing to a collapse in imports and price movements of precious metals. We have consequently narrowed our estimate of the UK's 2020 current-account deficit to 1.7% of GDP.
- Inflation rose by 1% in July, as a result of increased spending on consumer goods. We have revised up our average inflation forecast for 2020 to 0.8%, from 0.6% previously.

The month ahead

- September 7th—Brexit talks: These talks represent the penultimate scheduled round of Brexit negotiations, with both the EU and the UK wanting a deal secured by October, to ratify by the end of 2020. We believe that a deal is more likely to come from negotiations at head-of-government level in October, and a breakthrough this month is unlikely.
- September 10th—GDP (July): Despite a 20.4% quarterly decline in the second quarter, monthly GDP increased by 8.7% in June as lockdown provisions were lifted. We expect July also to show high growth as lockdown provisions continued to be removed.
- September 15th—Unemployment: Preliminary August claimant data will be released, which we expect to show continued deteriorating labour market conditions. The unemployment data for July will also be released; we expect the rate to show some increase as the tapering of the furlough scheme begins to affect jobs.

- September 17th—BoE monetary policy committee meeting: After expanding its quantitative easing programme by £100bn at its June meeting, and with no change in August, we forecast that the Bank of England will continue to refrain from further asset purchases at this meeting. We expect interest rates to remain at 0.1%.

Major risks to our forecast

Scenarios, Q2 2020	**Probability**	**Impact**	**Intensity**
The UK leaves the transition period on December 31st 2020 without a deal, exacerbating the recession	Very high	High	20
The coronavirus recession leads to a wave of corporate failures	High	High	16
The labour market cannot bounce back from lockdowns	High	High	16
The new UK-EU relationship fails to resolve legal uncertainty created by Brexit	Very high	Moderate	15
An uncontrolled second wave of coronavirus causes another lockdown in the autumn	Moderate	Very high	15

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.

Forecast summary

United Kingdom | Economy | Forecast | Forecast summary

September 1st 2020

Forecast summary

(% unless otherwise indicated)	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Real GDP (% change)	1.5	-9.5	6.9	2.1	1.6	1.6
Industrial production (% change)	-1.3	-16.0	3.1	2.6	1.5	1.2
Unemployment rate (av; EU/OECD harmonised measure)	3.8	7.2	8.4	6.6	5.8	5.3
Consumer price inflation (av; CPIH measure)	1.7	0.8	0.5	0.9	1.1	1.5
3-month £-LIBOR rate (av)	0.8	0.4	0.3	0.7	0.8	1.0
Bank of England base rate (end-period)	0.75	0.10	0.10	0.25	0.75	1.25
Government budget balance (% of GDP)[c]	-2.1[d]	-18.2	-7.1	-3.9	-2.2	-2.8
Exports of goods fob (US$ bn)	475.8[d]	368.9	383.1	428.7	487.1	548.1
Imports of goods fob (US$ bn)	-641.5[d]	-425.8	-478.9	-548.7	-622.1	-696.6
Current-account balance (US$ bn)	-113.3[d]	-43.9	-73.0	-83.3	-97.4	-104.4
Current-account balance (% of GDP)	-4.0[d]	-1.7	-2.7	-2.9	-3.1	-3.1
Exchange rate US$:£ (av)	1.28	1.28	1.28	1.32	1.37	1.41
Exchange rate ¥:£ (av)	139.3	136.9	142.5	145.9	148.0	149.2

Exchange rate €:£ (av)	1.14	1.13	1.08	1.15	1.16	1.16

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] General government. [d] Economist Intelligence Unit estimates.

Political stability

United Kingdom | Politics | Forecast | Political stability

September 1st 2020

At the general election on December 12th 2019, the Conservative Party, under the prime minister, Boris Johnson, won an 81-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 and three and a half years of political deadlock on the issue. Despite the challenges posed by the coronavirus crisis, The Economist Intelligence Unit expects the government to last a full term.

The government had expected its focus in 2020 to be on negotiating a free-trade relationship with the EU and embarking on a spending and investment programme to increase British productivity. However, the spread of the coronavirus has put the government on a crisis-management footing. In March the government instructed all residents to stay at home and to go out only for a limited number of essential reasons. This guidance was mostly relaxed by July, although the government has periodically implemented stricter provisions in communities with a high degree of community spread. New deaths from the virus have been subsiding since a peak in mid-April, and the number of new cases per head is now below the EU average. Despite the end of the lockdown, we expect a degree of social distancing to remain for the foreseeable future, limiting the economy’s potential growth, and a second major outbreak later in the year remains a risk, although we do not expect a second nationwide lockdown.

Brexit continues to pose a 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 rest of the UK since the referendum on Scottish independence in 2014, which resulted in a majority favouring the union. Ms Sturgeon may seek to dramatise the issue through legal battles or other disruptive means, particularly if her party wins a majority in the 2021 Scottish parliament election. Brexit has also inflamed tensions in Northern Ireland, where the Northern Irish protocol in the withdrawal agreement is unpopular among Unionists as well as nationalists, and opinion polling has shown a small but significant swing in favour of Irish reunification in the North.

Election watch

United Kingdom | Politics | Forecast | Election watch

September 1st 2020

We expect the government to last a full term. Under the Fixed-term Parliaments Act (FTPA) that governs elections, the next general election is scheduled for May 2nd 2024. The Conservative manifesto pledged to repeal the FTPA. However, even if this occurs, general elections must be held by the fifth year of a parliament, usually taking place in May to coincide with the local elections.

After its defeat in the 2019 election, when it won its lowest seat total since 1935, the opposition Labour Party replaced its leader, Jeremy Corbyn, with Keir Starmer, the former shadow Brexit secretary. Mr Starmer is more moderate than Mr Corbyn, but has maintained Mr Corbyn's anti-austerity position, which will make it challenging for the government to cut day-to-day spending in the second half of our forecast period should the public finances deteriorate. For Labour to win a majority, it would need to gain more than 120 seats—a feat that has occurred only once since the second world war. However, for the Conservatives to lose their majority and enter a hung parliament, they would have to lose only 41 seats—a swing that has occurred in ten of the 20 post-war elections.

International relations

United Kingdom | Politics | Forecast | International relations

September 1st 2020

Even after the UK's departure from the EU on January 31st, the UK-EU relationship remains unsettled. The UK is currently scheduled to exit the transition period with the EU on December 31st. The UK and EU governments had set out a timetable for negotiations that envisaged a comprehensive free-trade agreement. The major area of disagreement concerns the degree to which the UK would have to update its labour, environmental and state-aid provisions to maintain deep access to the EU market without undercutting EU standards. Further talks are scheduled for September, and the EU has stated that the text of a deal must be agreed by October if it is to be ratified before the transition period ends. We believe that a compromise is possible on the issue of the level playing field, according to which the UK would agree to maintain higher standards without being tied directly to EU law or jurisprudence, and that a limited deal will be reached, but that it will fall far short of a comprehensive agreement. The situation remains highly uncertain, with a breakthrough before October unlikely, creating a high risk of a disorderly exit with no deal. Whether or not a deal is agreed, the result will not represent a stable final state for UK-EU trade policy, and further negotiations will be necessary throughout the forecast period.

The end of the transition will pose significant risks at the end of 2020. The government had previously been willing to impose significant compliance costs and trade frictions—particularly those stemming from a disorderly no-deal exit from the transition—on business, with the expectation that in a growing economy firms would innovate and adapt to less preferential terms of trade. However, the coronavirus outbreak and the threat of an outright collapse of much of the business sector have made the imposition of new costs on export-oriented businesses more risky, as many of these companies are likely to be less able to withstand further shocks.

In its withdrawal agreement from the EU, the UK agreed to a separate protocol for Northern Ireland to avoid the presence of border checks with the Republic of Ireland. Under this agreement, Northern Ireland will stay within a regulatory union with the EU for most goods. Although it will remain in the UK customs and value-added tax (VAT) areas, customs and VAT checks will be conducted by the UK on the EU's behalf at ports in the Irish Sea for goods bound for the EU. Construction and implementation of checkpoints and border infrastructure between Northern Ireland and the rest of the UK by December 31st presents a major implementation risk.

The UK's relationship with China has come under increasing strain. In response to China's implementation of a new national security law in Hong Kong, the UK government announced that it would allow up to 3m Hong Kong residents to immigrate to the UK, and suspended its extradition treaty with Hong Kong. It has also forced British telecommunications firms to remove components from Huawei, a Chinese telecoms firm, from their networks. These moves have greatly increased UK-China tensions and the prospect of retaliation by China. The UK's departure from the EU and its deteriorating relations with China suggest that the UK will need to prioritise its relationship with the US.

Policy trends

United Kingdom | Economy | Forecast | Policy trends

September 1st 2020

Even before the coronavirus 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 coronavirus is likely to dominate the government's policy agenda throughout 2020 and into 2021. Global and domestic demand has been severely depressed by the pandemic, and large-scale corporate failures and job cuts are likely. We do not expect UK GDP to return to its pre-crisis level before 2023.

Since becoming the Conservative Party leader and prime minister, Mr Johnson has moved his party away from the austerity policies advocated by his predecessors and planned to pursue significant increases in public-sector investment, including in infrastructure, and additional current spending on the National Health Service, education and the police. He also planned to reform 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, although the details remain vague. We expect the government to incorporate these priorities into its recovery strategy. Although we do not expect a return to austerity, the government will face increased fiscal constraints from 2021.

Fiscal policy

United Kingdom | Economy | Forecast | Fiscal policy outlook

September 1st 2020

At the outbreak of the pandemic, the government enforced nationwide shutdowns and developed a series of economic financial support packages to aid workers and businesses affected by the coronavirus until the situation normalised. These included more than £330bn (US$420bn) in government-backstopped loans; a commitment to pay salaried and self-employed workers up to 80% of their previous earnings, to a maximum of £2,500 (US$3,200) per month; several business tax deferments and holidays; and more targeted aid to the worst-affected sectors, such as travel and retail. The wage support scheme is now being phased out and will cease in October. The government has unveiled about £25bn in new stimulus measures, designed to encourage job growth. These provisions include cash incentives for companies to retain furloughed workers, increased job search and job training programmes, and support for the hospitality industry through subsidies. A full budget in the autumn is expected to address longer-term and structural issues stemming from the crisis. As a result, we expect government spending to reach 48.2% of GDP in 2020, up from 41% in 2019, with the fiscal deficit widening to 18.2% of GDP and total debt reaching 110.8% of GDP. We expect the budget deficit to shrink, but to remain substantial at about 7.1% of GDP in 2021 as tax revenue is constrained by the slow recovery and Brexit-related uncertainty. We expect the debt/GDP ratio to decline from 2022, falling back to about 110% of GDP by the end of our forecast period in 2024. We expect the government to undertake some fiscal consolidation, but given the political unpopularity of the previous period of austerity, we believe that this is likely to take the form of tax increases rather than spending cuts.

Monetary policy

United Kingdom | Economy | Forecast | Monetary policy outlook

September 1st 2020

On March 19th the Bank of England (BoE, the central bank) cut its main rate to 0.1%—the lowest level in its history. It has also unveiled a £200bn bond-buying programme covering both corporate and government debt, which it developed in co-ordination with the Treasury to facilitate smooth functioning of government and private debt markets. This was expanded on June 18th by an additional £100bn. The BoE has also 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 has not yet been tapped. The BoE said that both its bond-buying programmes and use of the Ways and Means facility were temporary and expected to be paid back. However, we expect that the BoE will continue to facilitate transactions that will allow the government to borrow at favourable rates throughout the forecast period, although we do not expect it to reduce rates below zero. We expect that the BoE will raise rates gradually from 2022.

Global forecast data

United Kingdom | Economy | Forecast | International assumptions

September 1st 2020

	2019	2020	2021	2022	2023	2024
Economic growth (%)						
US GDP	2.3	-5.3	3.7	2.6	2.2	2.0
OECD GDP	1.7	-6.4	4.0	2.6	2.1	2.0
EU27 GDP	1.5	-8.1	5.3	3.0	2.3	1.9
World GDP	2.3	-5.1	4.6	3.3	3.0	2.8
World trade	0.9	-18.3	9.5	4.9	4.1	3.9
Inflation indicators (% unless otherwise indicated)						
US CPI	1.8	0.7	1.7	1.9	2.2	1.9
OECD CPI	1.9	1.0	1.7	2.0	2.2	2.1
EU27 CPI	1.4	0.7	1.3	1.7	1.8	1.8
Manufactures (measured in US$)	-1.4	-2.6	3.1	5.5	4.4	2.9
Oil (Brent; US$/b)	64.0	42.3	45.0	55.5	60.0	57.0
Non-oil commodities (measured in US$)	-6.2	-3.8	3.3	1.6	3.2	2.2
Financial variables						
US$ 3-month commercial paper rate (av; %)	2.2	0.7	0.4	0.4	0.9	1.4

€ 3-month interbank rate (av; %)	-0.4	-0.4	-0.4	-0.4	-0.3	-0.2
US$:£ (av)	1.28	1.28	1.28	1.32	1.37	1.41
US$:€ (av)	1.12	1.13	1.18	1.14	1.19	1.21

Economic growth

United Kingdom | Economy | Forecast | Economic growth

September 1st 2020

The impact of the coronavirus: global and regional assumptions

The Economist Intelligence Unit's forecasts are built on a series of epidemiological assumptions about the novel coronavirus (Covid-19). Without rapid access to a vaccine, we expect that the disease will eventually infect up to 30% of the world's population; of the symptomatic cases, we assume that about 15% will be severe and up to 1% will prove fatal. Death ratios will depend on a country's ability to detect, track and contain the virus, and the capacity of the national health system. Governments are lifting restrictions on freedom of movement gradually in countries where the number of cases is falling. Some countries may be forced to reimpose measures if cases spike again. Based on previous viral outbreaks and the progress made on other coronavirus vaccines (such as that for severe acute respiratory syndrome—SARS), we expect a vaccine to be available by end-2021.

We forecast that global real GDP will contract by 5.1% year on year in 2020. We believe that trade disruptions will remain severe and forecast that global trade will contract by 18.3% this year. We assume that oil prices will decline by about 34% this year, to average US$42.3/barrel, before they recover to US$45/b next year. Real GDP will contract in all regions this year, but the drop in output will be especially severe in OECD countries, at 6.4%. All G7 countries and all but two G20 countries (China and Indonesia) will experience a full-year recession, and the US's output will contract by 5.3%, while China will record real GDP growth of 1.4%. Asian countries will recover the fastest, with some (including India and South Korea) returning to pre-coronavirus GDP levels in 2021. Of the G7 countries, Germany's output will also be back to 2019 levels in 2021, but others will recover more slowly, with GDP returning to 2019 levels in either 2022 (Canada, France and the US), 2023 (the UK) or 2024 (Italy and Japan). Most countries have responded with fiscal programmes to support businesses and households, raising the risk of sovereign debt crises in the medium term. Central banks have cut interest rates and, more importantly, have stepped up as buyers of last resort for government and corporate debt.

Europe is heading for a historic recession, with both production and consumption collapsing in the first half of 2020 as a result of the pandemic and containment measures. We forecast a bounce-back from the third quarter, but this will reflect base effects rather than a robust return of economic activity. Global supply chains will remain disrupted, unemployment and business failures will continue to rise and consumers will remain cautious. Southern Europe, which depends on tourism, will take longer to recover as quarantines and weak confidence deter holidaymakers. We expect the economic bounce-back in Europe to lag the global average and do not expect real GDP to recover to its 2019 level until 2023. Variations across the bloc will be determined by factors such as starting positions, the fiscal response, economic structure and export dependencies. Germany will be the first major European economy to recover, and Italy the last.

The political and geopolitical effects of the crisis will be significant. The pandemic has resulted in an extraordinary expansion of executive powers, with limited parliamentary oversight. Elections have been cancelled or delayed in some countries. When the pandemic has passed, governments' handling of the response will face scrutiny. Failure to address the humanitarian crisis triggered by the coronavirus could further erode trust in national institutions. A severe global economic crisis, followed by large-scale unemployment, could fuel a new wave of popular protests. The crisis may encourage 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 will cause a severe contraction in 2020. The exact degree of economic disruption is subject to significant uncertainty and will depend on the progress of the disease, the effectiveness of the public-health measures, and the likelihood and intensity of further outbreaks. We forecast that real GDP will contract by 9.5% in 2020. We expect that fourth-quarter real GDP will be about 4% below its year-earlier level. In 2021 we forecast a rebound in real GDP of 6.9%, but most of this will be due to base effects, as the 2020 reference year will have been suppressed by the lockdown. We expect Brexit uncertainty to slow the recovery in 2021, and do not expect the level of real GDP to exceed its 2019 peak until late 2023.

Growth since the 2016 EU referendum was driven by private consumption and employment growth, both of which reached post-financial-crisis highs in 2019. However, we expect unemployment to spike significantly this year, averaging 7.2% for the year, and this figure will significantly understate the true degree of economic disruption, as up to 9m workers (over a quarter of the labour force) will have been covered by the government’s furlough scheme and not considered unemployed. We also expect wage growth to decline significantly—the furlough scheme covered only 80% of workers’ salaries in affected sectors, while further downward wage pressure across sectors is likely. Headline unemployment will remain high in 2021 as the furlough scheme is unwound, but employment will pick up gradually, and we expect unemployment to gradually fall from 2022, reaching 5.3% by the end of our forecast period.

We expect gross capital formation to decline sharply as the highly uncertain business environment depresses investment. We expect a bounce-back in 2021 and 2022 owing to pent-up demand, and expect the government to accelerate its plans to encourage greater investment once uncertainty around the pandemic and Brexit have abated. Investment growth should stabilise from 2023 through to the end of the forecast period.

We forecast that export and import growth will turn sharply negative in 2020 as global demand collapses and coronavirus-related travel restrictions persist. The collapse in overall demand will improve the UK's current-account balance as imports decline, with the deficit shrinking to a forecast 1.7% of GDP in 2020, from 4% in 2019, before bouncing back in 2021, as Brexit disrupts exports, and imports begin to rebound. From 2022 we expect the current account deficit to continue to expand modestly.

Economic growth

%	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
GDP	1.5	-9.5	6.9	2.1	1.6	1.6
Private consumption	1.0	-9.7	6.6	1.7	1.2	1.1
Government consumption	3.4	-4.0	7.5	2.0	2.0	2.0
Gross fixed investment	0.7	-26.4	10.0	6.0	2.9	2.9
Exports of goods & services	5.0	-14.7	7.1	5.5	5.5	6.1
Imports of goods & services	4.6	-22.7	8.4	6.7	5.8	6.3
Domestic demand	1.5	-11.2	7.2	2.3	1.7	1.5
Agriculture	-1.1	-6.0	1.0	2.0	0.5	0.5
Industry	-0.2	-11.0	3.0	2.1	1.5	1.2
Services	1.8	-9.1	7.9	2.1	1.7	1.6

[a] Actual. [b] Economist Intelligence Unit forecasts.

Inflation

United Kingdom | Economy | Forecast | Inflation

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We expect price pressures to subside in 2020 and 2021, after inflation averaged 1.7% in 2019, although the weakness of the pound will exert some inflationary pressure. The impact of the coronavirus is expected to depress demand in many sectors of the economy, especially as oil prices remain subdued. These forces will largely cancel out, with inflation averaging 0.8% in 2020. These conditions will improve from the second quarter of 2021, and we expect demand to increase steadily as uncertainty declines, lifting inflation to an average of 1.5% by the end of the forecast period.

Exchange rates

United Kingdom | Economy | Forecast | Exchange rates

September 1st 2020

The value of the pound has been volatile in recent years owing to the UK's large current-account deficit, which requires massive international capital investment to support the currency. Since 2016 this has manifested itself in increased volatility around political events, as investors saw the UK's relationship with the EU as a proxy for its investment prospects. Similar behaviour is likely to continue throughout the coronavirus crisis. Sterling depreciated sharply against the US dollar in March, to a 35-year low of US$1.15:£1, as investors engaged in a flight to safety as firms faced a dollar liquidity shortage. The establishment of swap lines between the Federal Reserve (the US central bank) and other central banks, including the BoE, reversed this trend, and sterling has recovered to US$1.30:£1 by end-July, in part owing to the weakness of the dollar. However, we expect sterling to remain volatile throughout the crisis period and into 2021 as the UK leaves the Brexit transition period. Looking ahead, we expect sterling to appreciate gradually from 2021 as the crisis abates, reaching US$1.41:£1 by 2024.

External sector

United Kingdom | Economy | Forecast | External sector

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The outbreak of the coronavirus caused a sharp decline in global trade as demand declined, travel was disrupted and global supply chains were compromised by national lockdowns. The UK has not been exempt from this, and we expect that both imports and exports will decline sharply in 2020. This will cause the UK's current-account deficit to shrink from the equivalent of 4% of GDP in 2019 to 1.7% of GDP 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). Trade will continue to grow thereafter, but we do not expect the value of total imports or exports to return to pre-crisis levels until the end of the forecast period.

Country forecast overview: Business environment rankings

United Kingdom | Business | Business environment | Rankings overview

September 1st 2020

Value of index[a]		Global rank[b]		Regional rank[c]	
2015-19	**2020-24**	**2015-19**	**2020-24**	**2015-19**	**2020-24**
7.80	7.70	17	17	11	9

[a] Out of 10. [b] Out of 82 countries. [c] 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 business environment score declines in the forecast period (2020-24) compared with 2015-19. The UK remains in 17th place in the global rankings, but rises by two places in the regional rankings owing to larger declines elsewhere. Brexit introduces policy uncertainty, but the country's strengths—including a pro-business policy stance, a welcoming attitude to foreign investment, and flexible labour and product markets—will continue.

Business environment at a glance

United Kingdom | Business | Business environment | Business environment at a glance

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Policy towards private enterprise and competition

2020-21: Extraordinary public support for businesses affected by coronavirus, ”Project Birch” intervention in critical sectors.

2022-24: Continued elevated state intervention in investment and innovation.

Policy towards foreign investment

2020-21: Coronavirus and Brexit uncertainty limits investment opportunities. Continued openness to investment, although potential security restrictions may come into place for China.

2022-24: Infrastructure plans offer investment opportunities. Possible changes in tax policies to bolster inward investment.

Foreign trade and exchange controls

2020-21: Coronavirus causes global trade to drop precipitously. Increased trade barriers with EU. New Northern Irish protocol implemented. Negotiations continue with third countries. Expected decline in UK-EU crossborder trade.

2022-24: Likely continued UK-EU negotiations even after transition exit. New trade agreements with other countries.

Taxes

2020-21: Tax holidays and deferments throughout the duration of the crisis. Depressed revenue due to decreased activity.

2022-24: Tax increases likely to compensate for coronavirus losses. Likely equalisation of self-employed and regular income taxes. Possible changes to the value-added tax (VAT) framework if the UK leaves the EU's VAT regime after 2020.

Financing

2020-21: Monetary policy remains highly accommodative, with Bank of England (central bank) asset purchases continuing. "Ring-fencing" bank reforms and ongoing capital strengthening. Steady growth in alternative forms of debt financing.

2022-24: Loss of "passporting" rights and restrictions on EU services trade. Modest decline in City of London's status.

The labour market

2020-21: Sustained high unemployment from coronavirus as furlough scheme expires. Continued support for jobseekers.

2022-24: End to free movement of labour from EU after Brexit; greater emphasis on skills-based migration from outside EU.

Infrastructure

2020-21: Modest rise in spending on housing, roads and digital infrastructure. Crossrail service in London begins operation.

2022-24: Increased infrastructure investment, emphasis on ”levelling up” regional infrastructure and competitiveness.

Technological readiness

2020-21: High e-commerce penetration and strong research base, but UK research and development (R&D) spending below EU average. Continued high threat from cybercrime and cyber-espionage.

2022-24: Modest rise in public R&D spending. Development of state ”blue skies” fund, possible weakening of research and innovation framework due 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

July 15th 2020

Social indicators and living standards

	2019		2024	
		Western Europe (av)		**Western Europe (av)**
Health				
Healthcare spending (% of GDP)	10.0	10.3	10.3	10.6
Healthcare spending (US$ per head)	4,169	4,309	5,000	5,654
Infant mortality rate (per 1,000 live births)	4.2	3.5	4.0	3.3
Physicians (per 1,000 population)	2.9	3.9	3.2	4.1
Food and beverages				
Food, beverages & tobacco (% of household spending)	11.7	17.2	13.6	16.9
Meat consumption (kg per person)	85.1	89.5	85.2	93.4
Milk consumption (litres per person)	241.7	259.7	243.6	273.1
Coffee & tea consumption (kg per person)	4.4	6.1	4.5	6.4
Consumer goods in use (per 1,000 population)				
Passenger cars	523	537	515	550
Telephone main lines	467	441	442	432

Mobile phone subscribers	1,190	1,264	1,219	1,349
Television sets	1,135	814	1,253	897
Personal computers	948	825	956	860
Households				
No. of households (m)	27.7	189.8	28.2	197.8
No. of people per household (av)	2.4	2.2	2.4	2.1
Income and income distribution				
Median household income (US$)	58,390	48,988	64,463	59,950
Average monthly wage (US$)	3,767	3,784	4,799	4,589
Gini index	34.8[a]	31.7[a]	–	–

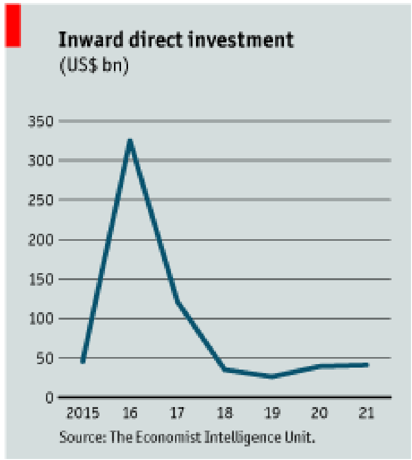
[a] Latest available year.

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

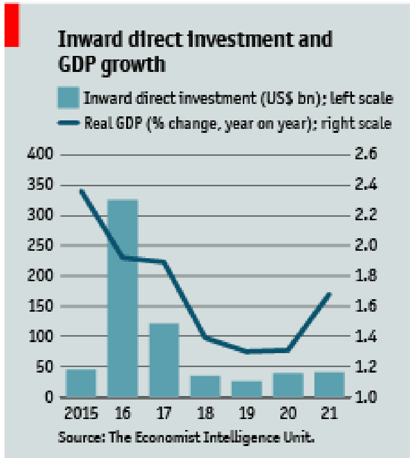
Global position

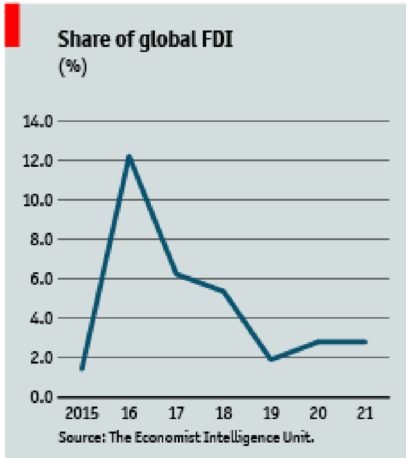
United Kingdom | Regulation | Global position

December 1st 2019



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 bloc in March 2017 when it triggered Article 50 of the Lisbon Treaty. This provided for a two-year exit time frame, although the UK has since asked for three Article 50 extensions, with departure now expected on or by January 31st 2020. A general election takes place in the meantime, on December 12th 2019. The UK and EU have negotiated a withdrawal agreement that allows for a transition period lasting until end-2020 (with an extension possible), during which the UK would retain most aspects of EU membership. Looking beyond the transition period, the UK and EU intend to work towards a free-trade agreement, with the degree of regulatory alignment between the two parties still to be determined. Real GDP growth is expected to be relatively subdued during the next few years, reflecting Brexit-related uncertainties. 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 and transport sectors.





Regulatory/market assessment

United Kingdom | Regulation | Regulatory/market assessment

December 1st 2019

- In October 2019 the government stated its intention to implement legislation expanding its powers to block business transactions that can pose national security risks. Development of the reform was halted after the calling of a general election scheduled for mid-December 2019. Discussions were also cut short on a proposed digital sales tax targeting foreign companies that do substantial business in the UK but pay relatively little tax there.

- In November 2019 the government declared a moratorium on hydraulic fracturing (fracking), which took immediate effect. The move follows the publication of a report from the Oil and Gas Authority, an industry regulator, on the difficulties of predicting the environmental and safety impacts of the practice.
- A March 2019 reform ends the so-called Swedish derogation, which excludes agency workers from the right to pay parity with permanent employees in the company where they are assigned if they are paid between work assignments. The measure takes effect in April 2020.

Regulatory/market watch

United Kingdom | Regulation | Regulatory/market watch

December 1st 2019

- Negotiated in October 2019, the most recent withdrawal agreement between the UK and EU sets a new Brexit deadline at January 31st 2020, following three extensions from the initial target of March 29th 2019. The agreement allows for a transition period lasting until end-2020 (with a possible two-year extension), during which the UK retains most aspects of EU membership including participation in the single market and customs union.
- The withdrawal agreement states that the UK and EU will work towards a free-trade agreement that will clarify their future relationship following the conclusion of the transition period. It envisages that the UK will leave the EU single market and customs union (with special arrangements for Northern Ireland), leaving it free to negotiate trade deals with non-EU countries.

- The withdrawal agreement still requires ratification by the UK and EU to take effect. Results from the UK's general election scheduled for mid-December 2019 will determine how and whether the country passes the agreement in its current form.
- Brexit has put into question the privileged access that nationals from the European Economic Area (the EU plus Iceland, Liechtenstein and Norway) and Switzerland currently enjoy to the UK's labour market. While workers already in the UK can apply for "settled status", the direction of policies targeting new labour migrants remains in flux and inevitably will reflect the composition of government following the December 2019 election.
- Brexit has also compromised the UK's continued access to EU development funding, which will end following the conclusion of the proposed transition period. The Conservative government has proposed the development of a UK Shared Prosperity Fund to replace the EU programmes, but this had not been finalised as of end-November 2019.
- 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.
- In November 2019 Prime Minister Boris Johnson announced the Conservative Party would scrap a planned reduction in the corporate income tax rate from 19% to 17% in April 2020, if it wins the upcoming general election. The move aims to support spending on public services.
- 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 would continue to apply to UK companies conducting business within EU member states after the UK leaves the bloc.

- The recent withdrawal agreement proposes that Northern Ireland would stay within a regulatory union with the EU for most goods, remaining in the UK customs and value-added tax (VAT) 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 would be 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

July 15th 2020

	2020-30	2031-50	2020-50
Population and labour force (% change; annual av)			
Total population	0.39	0.25	0.30
Working-age population	0.12	0.01	0.05
Working-age minus total population	-0.27	-0.24	-0.25
Labour force	0.10	0.14	0.12
Growth and productivity (% change; annual av)			
Growth of real GDP per head	0.7	1.6	1.3
Growth of real GDP	1.1	1.9	1.6
Labour productivity growth	1.0	1.7	1.5
Growth of capital stock	2.2	3.1	2.8

Total factor productivity growth	0.3	0.7	0.6

From May 2019 The Economist Intelligence Unit's long-term growth forecasts have been revised to take into account the economic impact of climate change.

Initial conditions: From the early 1990s up to 2008 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. A similar pattern emerged in the wake of the global financial crisis, with strong employment growth fuelling a comparatively strong recovery in the UK. The pace of economic growth began to soften from 2018, and is expected to contract severely in 2020 owing to the coronavirus pandemic. The Economist Intelligence Unit expects a significant but still partial bounce-back in 2021 as the retail sector reopens. The recovery will be constrained as corporates face rising debt burdens from the coronavirus fallout and trade frictions from Brexit will 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. The government has signalled a willingness to pursue a more interventionist strategy in the economy, and provide more public investment, in an effort to stimulate the economy and address the UK's regional inequality and weak productivity growth. However, particulars remain vague. The relationship with the EU is likely to remain unsettled for several years, whether or not a deal is agreed, as traders adjust to new terms of trade, and issues that cannot be addressed by December 31st are deferred to future negotiations.

The UK faces entrenched regional and sectoral imbalances

We expect economic performance to bounce back from the current recession, and reach pre-crisis real GDP levels by 2023. Owing to the dependence on the hospitality sector and disruption caused by Brexit this will be is slightly slower than the median for G20 countries. There is likely to be significant sectoral disruption, and the UK economy may need to become less reliant on consumer spending relative to investment to support growth.

Looking past the immediate crisis to the long term, 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. These areas of economic management will be affected by Brexit, but we expect them to remain advantages for the UK. 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 over the forecast period.

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 coronavirus lockdown, the labour force participation rate was just below 80%—slightly lower than in Denmark and Norway, but much higher than the OECD average. We expect it will decline sharply in 2020 but gradually return to that level over time. 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.

Trade with the EU 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. Regardless of the precise contours of the UK's post-Brexit settlement, 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.

Overall goods trade globally is likely to grow more slowly in the wake of the coronavirus pandemic, and multilateral trade liberalisation may not make progress in the face of populist sentiment, further limiting opportunities for goods trade growth. 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. The country's decision to leave the EU represents a break with decades of policy consensus. It remains too early to gauge how effectively policymakers and institutions will cope with the challenges involved in taking the UK out of the EU. Questions remain about the capacity of the government and bureaucracy to handle what lies ahead.

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. It had a labour force participation rate of over 79% and unemployment was 3.8% prior to entering lockdown. Multiple governments have attempted to address this productivity issue, and the UK's ability to increase its productivity will be the key driver of its performance in the long-term. The pandemic will accelerate this trend as gains to labour force participation have been reversed. A number of factors could prevent the UK from closing the productivity gap with some of its peers. Examples include the relative scarcity of land and the UK's relatively low share of spending on R&D. The current government has recognised this as an issue and plans to increase investment in innovation and infrastructure. Whether this plan will materialise and be effective in the wake of the coronavirus recession remains highly uncertain. Real GDP is forecast to grow by an annual average of 1.1% in 2020-30, held back by the fallout from the coronavirus pandemic and Brexit, but growth will accelerate to 1.9% in 2031-50.

Income and market size

	2019	2030	2050
Income and market size			
Population (m)	67.5	70.5	74.1
GDP (US$ bn at market exchange rates)	2,829.2	3,936.1	8,166.5
GDP per head (US$ at market exchange rates)	41,900	55,840	110,240
Private consumption (US$ bn)	1,836.4	2,549.6	5,385.4
Private consumption per head (US$)	27,190	36,170	72,690
GDP (US$ bn at PPP)	3,214.2	4,203.2	8,808.1
GDP per head (US$ at PPP)	47,600	59,630	118,900
Exports of goods & services (US$ bn)	895.7	1,246.8	3,941.3
Imports of goods & services (US$ bn)	925.4	1,465.0	4,649.1
Memorandum items			
GDP per head (at PPP; index, US=100)	73.1	70.8	74.2
Share of world population (%)	0.9	0.8	0.8

Share of world GDP (% at market exchange rates)	3.3	2.8	2.3
Share of world GDP (% at PPP)	2.3	1.9	1.7
Share of world exports of goods & services (%)	3.7	3.2	3.5

From May 2019 The Economist Intelligence Unit's long-term growth forecasts have been revised to take into account the economic impact of climate change.

Automotive

United Kingdom | Automotive | Overview

July 27th 2020

- The UK is the world's 13th-largest automotive manufacturer and sixth-largest vehicle market, according to the International Organisation of Motor Vehicle Manufacturers (OICA). Output expanded steadily between 2010 and 2016, but has since fallen sharply amid political uncertainty, weaker domestic and export demand, regulatory changes and a structural shift away from diesel. Total vehicle production in 2019 declined by 14% to a decade-low level.
- The UK suffered severe damage from the coronavirus (Covid-19) pandemic. In early July, it had the third largest number of infections in Europe, after Russia and Spain, and the third largest number of deaths in the world. Even though quarantine restrictions are starting to be lifted in most countries, the pandemic will result in an unprecedented collapse in global economic activity in 2020 and significant supply-side disruption across the automotive industry. The economic fallout will place financial strain on carmakers, lead to job losses, further consolidation, lower investment and perhaps bankruptcies.

- In the UK, the process of exiting the EU (Brexit) will add to risks. There is likely to be a permanent (and possibly large) negative hit to the capacity of the auto sector, which was already struggling amid falling demand, the need for large-scale investment in electric vehicle (EV) technology and competition from lower-cost manufacturing locations.

Income and demographics

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Nominal GDP (US$ bn)	2,930.0[c]	2,703.7[c]	2,670.7[c]	2,864.2[c]	2,829.2[c]	2,577.1	2,762.8	2,935.4	3,080.8	3,276.7
Population (m)	65.4[c]	65.8[c]	66.7[c]	67.1	67.5	67.9	68.2	68.5	68.8	69.0
GDP per head (US$ at PPP)	42,334[c]	44,042[c]	45,516[c]	46,481	47,596	43,824	46,696	47,713	48,888	50,103
Private consumption per head (US$)	28,886[c]	26,754[c]	26,021[c]	27,931	27,193	24,401	25,208	26,504	27,529	29,073
No. of households ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$5,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$10,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$50,000 ('000)	18,132	16,237	15,725	17,387	17,109	15,483	16,154	17,158	17,952	19,023
No. of households with net wealth over US$1m ('000)	982	851	1,036	932	1,048	945	1,017	1,038	1,184	1,264

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Source: The Economist Intelligence Unit.

- Assuming a return to economic activity in late 2020, the Economist Intelligence Unit forecasts a 30.4% drop in new-car sales, and a 25.8% fall in commercial vehicle (CV) sales.
- The government ruled out hopes for car-buying incentives, such as a scrappage scheme, but may offer as much as £6,000 (US$7,500) to purchase an electric vehicle (EV). The government faces a massive budget deficit stemming from the pandemic, while tackling a surge in unemployment, reduced household incomes and greater consumer caution. We expect new-car sales to rise at a compound annual growth rate (CAGR) of just 0.7% in 2020-24. CV sales will rise at a faster CAGR of 2%.

Consumer goods

United Kingdom | Consumer goods | Overview

August 20th 2020

- 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 in 2019 amid a slowing labour market, subdued real income growth and the economically damaging Brexit process. Annual volume growth averaged 1.7% in 2016-18, but slowed to 0.9% in 2019, according to Ascential, a provider of global retail intelligence.
- The coronavirus (Covid-19) pandemic and lockdown restrictions resulted in a dramatic slump in economic activity and retail spending in March-April 2020. The UK was slower than many peer economies to adopt national lockdown measures, such as the temporary closure of most non-essential retail outlets, which took effect from late March. According to official retail figures from the Office for National Statistics (ONS), sales volumes at end-April were 23% lower than their pre-pandemic level in January.

- Retail sales rebounded strongly in May and June, however, largely returning to their pre-crisis level, amid a gradual easing of social distancing restrictions and the reopening of most non-essential retailers from June 1st. A temporary cut in value-added tax (VAT) in the food, drink and hospitality sectors, from 20% to 5%, will apply from July 2020 to January 2021.
- The rebound in sales volumes has masked a huge shift in the composition of retail spending. Online sales have surged in recent months, while non-food store sales have remained well below pre-crisis levels amid reduced footfall, changing consumer habits, ongoing social distancing restrictions and lingering public concerns about the virus. With many services-oriented activities and venues reopening at a slower pace and facing capacity restrictions, the retail bounce-back is likely to have been buoyed by a temporary switch in spending from services to goods. This will probably reverse over the second half of 2020 as services consumption rises, pent-up retail demand fades and state-backed income support measures expire, which is expected to trigger a marked increase in unemployment.
- The Economist Intelligence Unit's current forecast is for annual real GDP to fall by 9.4% in 2020, followed by a partial rebound in 2021 with growth of 6.9%. Given additional disruption to the UK economy from Brexit-related turbulence from 2021 onwards, we do not expect real GDP to return to its pre-crisis level until 2023. The government's generally poor handling of the coronavirus pandemic implies a risk of heightened instability if a renewed outbreak in the winter coincides with a "hard Brexit" at the end of 2020, when the UK is scheduled to leave the EU's single market and customs union. There will be a significant increase in non-tariff barriers and regulatory uncertainty from 2021, disrupting supply chains across the retail and food manufacturing sectors, irrespective of whether a limited trade deal is agreed this year.
- We expect retail sales volumes to decline by 4% in 2020 and to grow by an annual average of 1.7% in 2021-24, the remainder of our forecast period. Food sales will outperform non-food retail purchases significantly in 2020, but we expect this pattern to reverse over the remainder of the forecast period. Public health concerns about the

coronavirus remain comparatively high, and a degree of consumer caution is likely to persist, constraining in-store spending.

- The UK is Europe's biggest online retail market, but robust internet sales have gone hand in hand with a steady fall in the number of high-street stores and retail employment. These trends will intensify as a response to the pandemic, amid rising mobile e-commerce (m-commerce) and ongoing social distancing. More stores are likely to close from late 2020 as crisis-support measures (such as rental and tax-payment holidays) expire. The UK implemented a new digital services tax in April 2020 targeting multi-national technology groups such as Amazon, Google and Apple (all US).

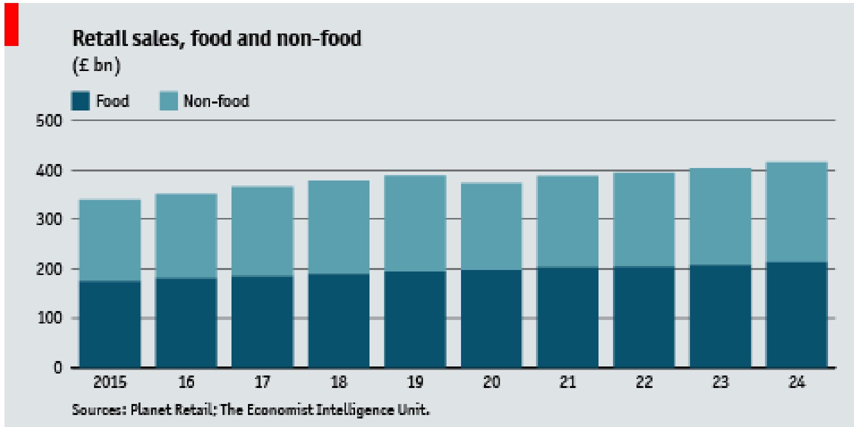
Income and demographics

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Nominal GDP (US$ bn)	2,930.0[c]	2,703.7[c]	2,670.7[c]	2,864.2[c]	2,831.2[c]	2,525.0	2,673.4	2,900.6	3,123.0	3,331.0
Population (m)	65.4[c]	65.8[c]	66.7[c]	67.1	67.5	67.9	68.2	68.5	68.8	69.0
GDP per head (US$ at PPP)	42,334[c]	44,042[c]	45,516[c]	46,481	47,630	43,075	46,545	48,018	49,555	51,017
Private consumption per head (US$)	28,886[c]	26,754[c]	26,021[c]	27,931	27,172	23,831	24,592	26,003	27,469	28,779
No. of households ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$5,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$10,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$50,000 ('000)	18,132	16,237	15,725	17,387	17,109	15,160	15,651	16,835	17,925	18,856

No. of households with net wealth over US$1m ('000)	984	853	1,039	906	1,019	722	861	986	1,134	1,214

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Source: The Economist Intelligence Unit.



Energy

United Kingdom | Energy | Overview

September 16th 2020

- Total energy consumption in the UK has trended gradually lower since the mid-1990s but was fairly stable in 2019, at an estimated 176m tonnes of oil equivalent (toe). This compares with 196m toe a decade earlier. Together, natural gas and oil account for nearly three-quarters of the energy mix. The Economist Intelligence Unit expects total consumption to fall in 2020 owing to the impact of the coronavirus (Covid-19) pandemic, with consumption of oil, gas and coal falling year on year. We expect energy consumption to rebound to some degree in 2021, but it will remain relatively flat for the rest of the 2020-29 outlook period.

- Oil consumption will fall by an annual average of 0.7% between 2020 and 2029, while natural gas consumption will fall marginally, by an annual average of 0.4%. 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 average annual coal consumption to fall by an average of 13.7% over the forecast period.
- Until a post-Brexit UK-EU trade deal is finalised, uncertainty will persist over many elements of energy policy. This includes the UK's future level of participation in the EU's internal energy market (IEM), the emissions trading system (ETS), the Euratom Treaty for nuclear regulation, interconnector projects to the continent and various EU research funding schemes. Changes could have implications for energy prices, security of supply and new capacity expansion. Brexit will impose new non-tariff restrictions on trade and is likely to reduce the availability of skilled foreign labour. A disruptive no-deal Brexit in early 2021 appeared to be a more likely outcome as at mid-September 2020, with talks between the two sides at risk of collapsing.

Energy: key indicators

	2018[a]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]	2029[c]
GDP (US$ bn at market exchange rates)	2,864	2,831	2,605	2,748	2,900	3,114	3,316	3,837
Real GDP (% change, year on year)	1.3	1.5	-9.5	6.9	2.1	1.6	1.6	1.7
Population (m)	67.1	67.5	67.9	68.2	68.5	68.8	69.0	70.3
Population (% change, year on year)	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3
Gross domestic energy consumption (ktoe)	176,884	175,605	164,463	168,621	168,118	167,382	166,157	167,358

Gross domestic energy consumption (% change, year on year)	0.6	-0.7	-6.3	2.5	-0.3	-0.4	-0.7	-0.2

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Note. Forecasts for 2025-28 are available via The Economist Intelligence Unit's data tool.

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

Financial services

United Kingdom | Finance | Overview | Financial services | Overview

July 14th 2020

- 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 will deliver a short, 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 2019 it accounted for 5.9% of GDP, down from 6.8% five years earlier, according to Eurostat. It employed slightly over 1m residents or 3.2% of the workforce, down from 3.5% five years before. The industry makes a substantial contribution to the balance of payments and tax revenue.
- The coronavirus outbreak caused large sections of the UK economy, including non-essential retail and the hospitality sector, to be suspended from late March 2020. Against this backdrop, and given the global spread of the

virus, The Economist Intelligence Unit expects the UK's real GDP to decline by 9% in 2020, before rebounding by 6% in 2021. GDP growth was already relatively modest—1.3% in 2018 and 1.4% in 2019—as a result of softer global demand and Brexit-related uncertainty. The UK economy began to reopen in stages from mid-June, but many social distancing measures are set to continue. Both domestic and global demand are likely to remain supressed for some time. We do not expect the UK to return to its pre-crisis GDP before late 2023. Managing the economic recovery will therefore be a core priority for the recently re-elected Conservative government.

- The government has been continuously tweaking the fiscal relief packages on offer in order to ensure comprehensive coverage for British households and businesses. In July it announced temporary cuts to the rate of value-added tax (VAT) paid by the hospitality sector and to the stamp duty levied on property transactions. The UK has advantages vis-à-vis its European peers in having the longest average debt maturity by a considerable margin and the ability to borrow in its own currency—bolstered by unprecedented monetary-fiscal policy co-ordination.
- In March the Bank of England (BoE, the central bank) cut its main rate to 0.1%, the lowest level in its history. The BoE has extended the use of the "Ways and Means" facility through to the end of 2020, allowing the Treasury to borrow directly from the BoE. The BoE 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.
- Following a general election in December 2019 the Conservative Party, under the prime minister, Boris Johnson, won an emphatic 81-seat majority. This allowed him to achieve his primary campaign promise to leave the EU, which took place on January 31st, ending 47 years of EU membership and three and a half years of political deadlock on the issue.
- The UK is scheduled to exit the transition period with the EU on December 31st 2020. Legally, this deadline can be extended by the EU and the UK by mutual agreement, but the government has set the exit date in law and resisted attempts to amend it. The UK and EU governments set out a timetable for negotiations that envisaged a

comprehensive free-trade agreement (FTA). However, talks have been severely disrupted by the coronavirus pandemic. As a result, we believe that only a limited deal is possible by the end of 2020, and that it will only be agreed late in the year. There is therefore a high risk of a disorderly exit with no deal, which would compound the economic disruption caused by the pandemic. UK and EU regulators have agreed and implemented a number of temporary arrangements to reduce the potential disruption to financial markets of a disorderly ”no-deal” Brexit.

- 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, even in a best-case scenario. Reaching agreement on the many elements of a complex new trading arrangement will be difficult and time-consuming (taking years rather than months), and financial firms in the UK will almost certainly face restrictions from a loss of ”passporting” (the right for UK-regulated companies to do business in the EU and vice versa).

Income and demographics

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Nominal GDP (US$ bn)	2,930.0[c]	2,703.7[c]	2,670.7[c]	2,864.2[c]	2,829.2[c]	2,572.5	2,734.3	2,900.8	3,122.6	3,325.1
Population (m)	65.4[c]	65.8[c]	66.7[c]	67.1	67.5	67.9	68.2	68.5	68.8	69.0
GDP per head (US$ at PPP)	42,334[c]	44,042[c]	45,516[c]	46,481	47,596	43,696	46,644	47,586	48,743	50,027
Private consumption per head (US$)	28,886[c]	26,754[c]	26,021[c]	27,931	27,193	24,304	25,436	26,603	28,305	29,995
No. of households ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$5,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$10,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195

No. of households with annual earnings above US$50,000 ('000)	18,132	16,237	15,725	17,387	17,109	15,445	16,362	17,297	18,532	19,563
No. of households with net wealth over US$1m ('000)	984	853	1,039	906	1,018	893	969	999	1,156	1,236

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Source: The Economist Intelligence Unit.

- Financial services companies currently serving the EU from the UK will continue to relocate some of their operations and staff to within the bloc, so as to retain passporting to the single market. Although outflows of financial sector employees (and related tax revenue) from the UK have so far been modest, it is likely that this trend will continue as competing financial services hubs, primarily Frankfurt and Paris, gradually grow in size and influence. European policymakers will enhance post-Brexit policy efforts to attract major financial functions away from London.

Healthcare

United Kingdom | Healthcare | Spending

September 24th 2020

Overview

- The UK has been hit hard by the global coronavirus (Covid-19) pandemic. Confirmed coronavirus deaths totalled 41,637 as at September 15th, the fifth highest number globally. The UK government imposed a lockdown in late

March and began lifting it in early June. However, resurgence of the virus has led to the introduction of regionally targeted restrictions and, from September 14th, a nationwide ban on social gatherings of more than six people.

- The government's aim—largely achieved—was to prevent the National Health Service (NHS) from being overstretched. However, by discharging patients in order to empty wards (often without testing them), the policy spread coronavirus cases to care homes. An ageing population, high obesity rates and London's role as a global hub also put the UK at high risk from the disease.
- In its March 2020 budget the government pledged a £5bn (US$5.8bn) emergency response fund to help the NHS cope with the outbreak and the related costs of testing, staff recruitment, stockpiling and containment measures. This was followed by a £350bn package to mitigate the shock to the UK economy, workers and households. Nevertheless, The Economist Intelligence Unit forecasts that real GDP will contract by 9.5% in 2020.

Income and demographics

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Nominal GDP (US$ bn)	2,930.0[c]	2,703.7[c]	2,670.7[c]	2,864.2[c]	2,831.2[c]	2,605.3	2,747.7	2,899.6	3,113.8	3,316.0
Population (m)	65.4[c]	65.8[c]	66.7[c]	67.1	67.5	67.9	68.2	68.5	68.8	69.0
GDP per head (US$ at PPP)	42,334[c]	44,042[c]	45,516[c]	46,481	48,239	43,577	47,127	48,711	50,198	51,652
Private consumption per head (US$)	28,886[c]	26,754[c]	26,021[c]	27,931	27,172	25,242	25,508	26,330	27,743	29,034
No. of households ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$5,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195
No. of households with annual earnings above US$10,000 ('000)	26,994	27,119	27,472	27,607	27,729	27,844	27,947	28,038	28,114	28,195

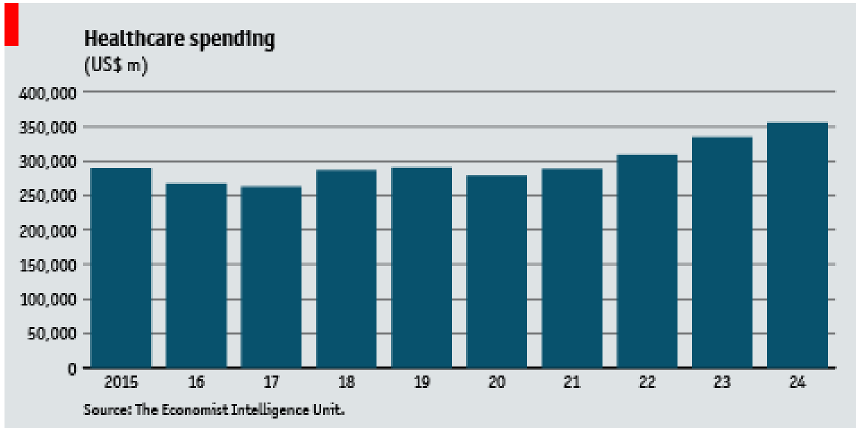
No. of households with annual earnings above US$50,000 ('000)	18,132	16,237	15,725	17,387	17,109	16,388	16,436	17,086	18,113	19,013
No. of households with net wealth over US$1m ('000)	984	853	1,039	906	1,019	763	882	983	1,142	1,221

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Source: The Economist Intelligence Unit.

- We also expect healthcare spending to fall in real terms this year, by almost 5%, reflecting the cancellation and postponement of non-coronavirus care. Nevertheless, healthcare's share of GDP will rise to 10.7%, up from 10.3% in 2019. This share will edge down as the economy recovers in 2021, but will reach 10.7% again in 2022-24. The share will remain lower than in Germany (11.5%) and France (11.3%), but above the OECD average (8.8%).
- Including this year's decline, healthcare spending will rise at a compound annual growth rate (CAGR) of 2.2% in local-currency terms (4.2% in US dollar terms) in 2020-24. This is slower than the CAGR of 4.1% estimated for the previous five years. In a change from our previous report, we no longer believe that the government will be able to keep its legally binding pledge, made in December 2019, to increase NHS spending by £34bn by the 2023/24 (April-March) fiscal year.
- The UK's relatively weak public finances will become weaker still as a result of the coronavirus crisis. Brexit will also pose a challenge to the healthcare system. The UK formally left the EU at end-January 2020, entering a transition period. The "real" Brexit deadline is end-2020, when the UK is scheduled to leave the single market and customs union.
- Our core forecast is that a limited trade deal between the UK and EU will be agreed by end-2020, with negotiations ongoing in certain areas. However, there is a high risk that no deal will be reached by end-2020, causing disruption

to pharmaceutical supply chains. We expect pharmaceutical sales to be even more subdued than healthcare spending over the 2020-24 period, rising at a CAGR of just 2% in nominal local-currency terms.



Funding sources

- Healthcare provision in the UK is dominated by the NHS, which is financed primarily via general taxation. NHS care is free at point of delivery, but fixed charges are levied (in England) for most prescription medicines and dental care, with some exemptions.

- Public expenditure (including compulsory contributions) accounted for 78% of current health spending in 2018, according to the OECD. This share has fallen slightly over the past decade. It is lower than in Germany (85%) and France (84%), but above the OECD average (74%).

Healthcare: key indicators

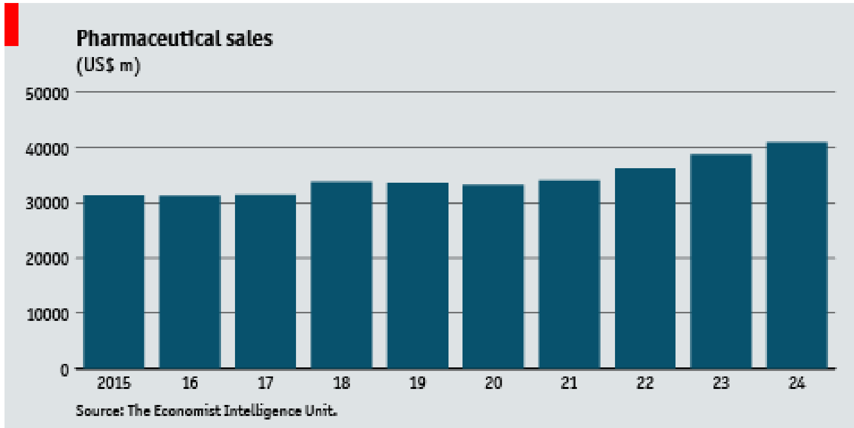
	2015[a]	2016[a]	2017[a]	2018[b]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]
Life expectancy, average (years)	80.9	80.9	81.0	81.0[a]	81.1[a]	81.2[a]	81.3	81.4	81.5	81.6
Life expectancy, male (years)	78.9	79.0	79.1	79.2[a]	79.3[a]	79.4[a]	79.5	79.7	79.9	80.0
Life expectancy, female (years)	82.7	82.8	82.8	82.8[a]	82.9[a]	82.9[a]	83.0	83.1	83.1	83.2
Infant mortality rate (per 1,000 live births)	4.4	4.3	4.3[b]	4.2	4.2	4.1	4.1	4.0	4.0	4.0
Healthcare spending (£ bn)	189.8	197.0	203.6	214.4	227.2	214.3	221.9	229.3	236.9	245.5
Healthcare spending (% of GDP)	9.9	9.9	9.8	10.0	10.3	10.5	10.3	10.4	10.4	10.4
Healthcare spending (US$ bn)	290.1	266.9	262.5	286.4	290.2	273.6	283.0	301.6	325.1	344.9
Healthcare spending (US$ per head)	4,436	4,056	3,934	4,266	4,297	4,030	4,149	4,402	4,727	4,996
Healthcare (consumer expenditure; US$ bn)	32.5	31.8	32.1	34.7	34.3	33.7	33.3	33.9	35.7	37.5
Doctors (per 1,000 people)	2.8	2.8	2.8	2.8[a]	3.0[a]	3.0	3.0	3.1	3.1	3.2
Hospital beds (per 1,000 people)	2.6	2.6[b]	2.6[b]	2.6	2.6	2.6	2.6	2.5	2.5	2.5

[a] Actual. [b] Economist Intelligence Unit estimates. [c] 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 crisis, with the four nations following separate lockdown policies.

- The Health and Social Care Act 2012 reorganised NHS England funding flows in order to give general practitioners (GPs) control over health commissioning. Management of about 70% of funding was passed to 191 clinical com-missioning groups (CCGs). The reforms did not apply in Scotland, Wales or Northern Ireland. Some CCGs merged in April 2020, as envisaged under the NHS England long-term plan unveiled in January 2019.



- Current (operational) NHS spending increased from £126.7bn in 2018/19 to £133.3bn in 2019/20, and is planned to rise again to £137.1bn in 2020/21. Of the 2019/20 total, £115bn went to NHS England, with Scotland, Wales and Northern Ireland sharing the rest under a formula related to population size.
- The Conservative government's spending plans imply that by 2022/23 the annual budget for NHS England will have risen by £20.5bn a year in real terms, with budgets for the other three UK regions (Scotland, Wales and Northern Ireland) rising at the same rate. Capital spending, on hospitals and equipment, totalled £7.1bn in 2019/20.
- In September 2019 the government unveiled additional spending of £1.5bn in 2020/21 for social care services, which are separate from the NHS budget and fall under the remit of local authorities. This will only partly reverse a

sharp real-term drop in social care spending since 2010.

Private health insurance

- Voluntary (or private) spending on healthcare accounted for 22.2% of the UK's total health expenditure in 2018, according to the OECD. Of this, out-of-pocket (OOP) spending accounted for 16% 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.

Telecommunications

United Kingdom | Telecommunications | Overview

August 12th 2020

- 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 return to weak growth over the forecast period (2020-24), rising from 119% in 2019 to almost 124% in

2024. The number of mobile subscriptions is forecast to increase at a compound annual growth rate (CAGR) of 1.2%.

- Fixed-line penetration is forecast to decline gradually to 42% in 2024. There were an estimated 40 broadband subscriptions per 100 people in 2019—the eighth-highest rate in the OECD—with total internet penetration at 95.4% of the population. We forecast a rise to 43 per 100 by 2024, with the impact of the coronavirus likely to accelerate the upward trend. However, a pandemic-related economic slump (UK GDP fell by 20.4% in April-June 2020, the largest fall on record), could jeopardise public- and private-sector investment plans.
- A UK digital strategy was published in March 2017, covering areas such as connectivity, digital skills and cyber-security. Alongside an aim (which will be unmet) to complete the roll-out of fourth-generation (4G) mobile services in 2020, it detailed higher public investment to support the development of fifth-generation (5G) technology, full-fibre broadband and artificial intelligence (AI). Plans for a new digital strategy were announced in late June 2020, with publication scheduled for the autumn. This will focus on digital skills, while a National Data Strategy is being devised for publication at a future date.
- In March 2020 the government and Ofcom, the telecoms regulator, agreed a scheme with the UK's four main mobile network operators (MNOs) 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.
- In July 2018 the then government set targets to achieve "full-fibre broadband coverage" for 15m premises by 2025 and national coverage by 2033. A pledge in July 2019 to achieve national coverage by 2025 has been diluted since the December general election, with the re-elected Conservative administration committing only to "accelerate the delivery of gigabit-capable broadband". A budget speech in March 2020 reaffirmed the UK's commitment to invest £5bn towards full-fibre roll-out. In March 2020 the government estimated that 493,600 premises have access, or are connected, to gigabit broadband.

Telecoms penetration

	2015[a]	2016[a]	2017[a]	2018[a]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]
Telephone main lines (m)	33.2	32.6	32.1	31.9	31.5	30.4	29.8	29.4	29.1	29.0
Telephone main lines (per 100 people)	50.8	49.6	48.2	47.5	46.7	44.7	43.6	42.9	42.3	42.0
Mobile subscriptions (m)	79.3	78.9	79.1	79.5	80.3	81.0	82.8	84.0	84.8	85.4
Mobile subscriptions (per 100 people)	121.2	120.0	118.5	118.4	119.0	119.3	121.4	122.6	123.3	123.7

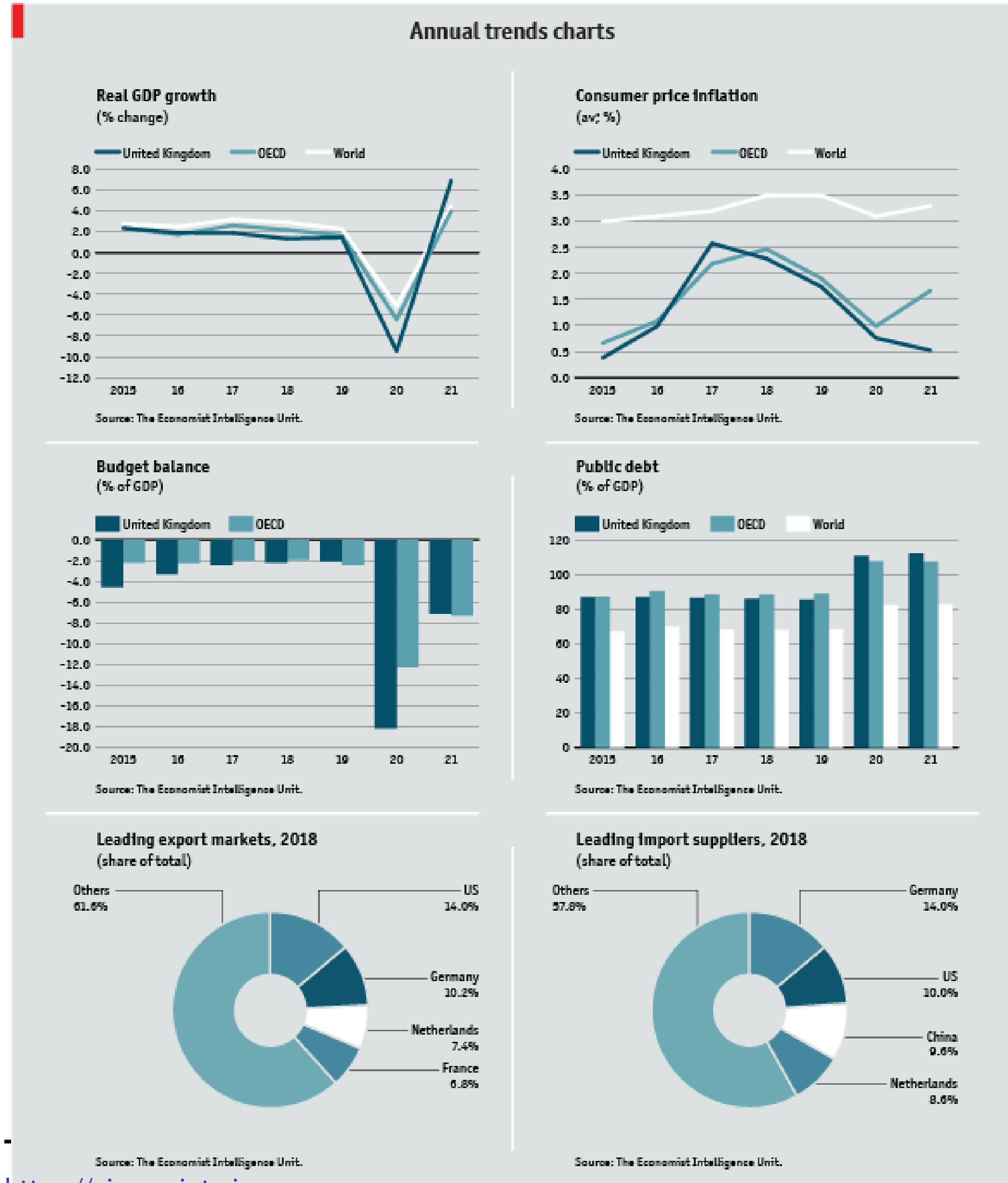
[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Sources: International Telecommunication Union; The Economist Intelligence Unit.

Data and charts: Annual trends charts

United Kingdom | Economy | Charts and tables | Annual trends charts

September 1st 2020


Annual trends charts
Real GDP growth
(% change)
United Kingdom
OECD
World
Source: The Economist Intelligence Unit.
Consumer price inflation
(av; %)
United Kingdom
OECD
World
Source: The Economist Intelligence Unit.
Budget balance
(% of GDP)
United Kingdom
OECD
Source: The Economist Intelligence Unit.
Public debt
(% of GDP)
United Kingdom
OECD
World
Source: The Economist Intelligence Unit.
Leading export markets, 2018
(share of total)
Others 61.6%
US 14.0%
Germany 10.2%
Netherlands 7.4%
France 6.8%
Source: The Economist Intelligence Unit.
Leading import suppliers, 2018
(share of total)
Others 57.8%
Germany 14.0%
US 10.0%
China 9.6%
Netherlands 8.6%
Source: The Economist Intelligence Unit.

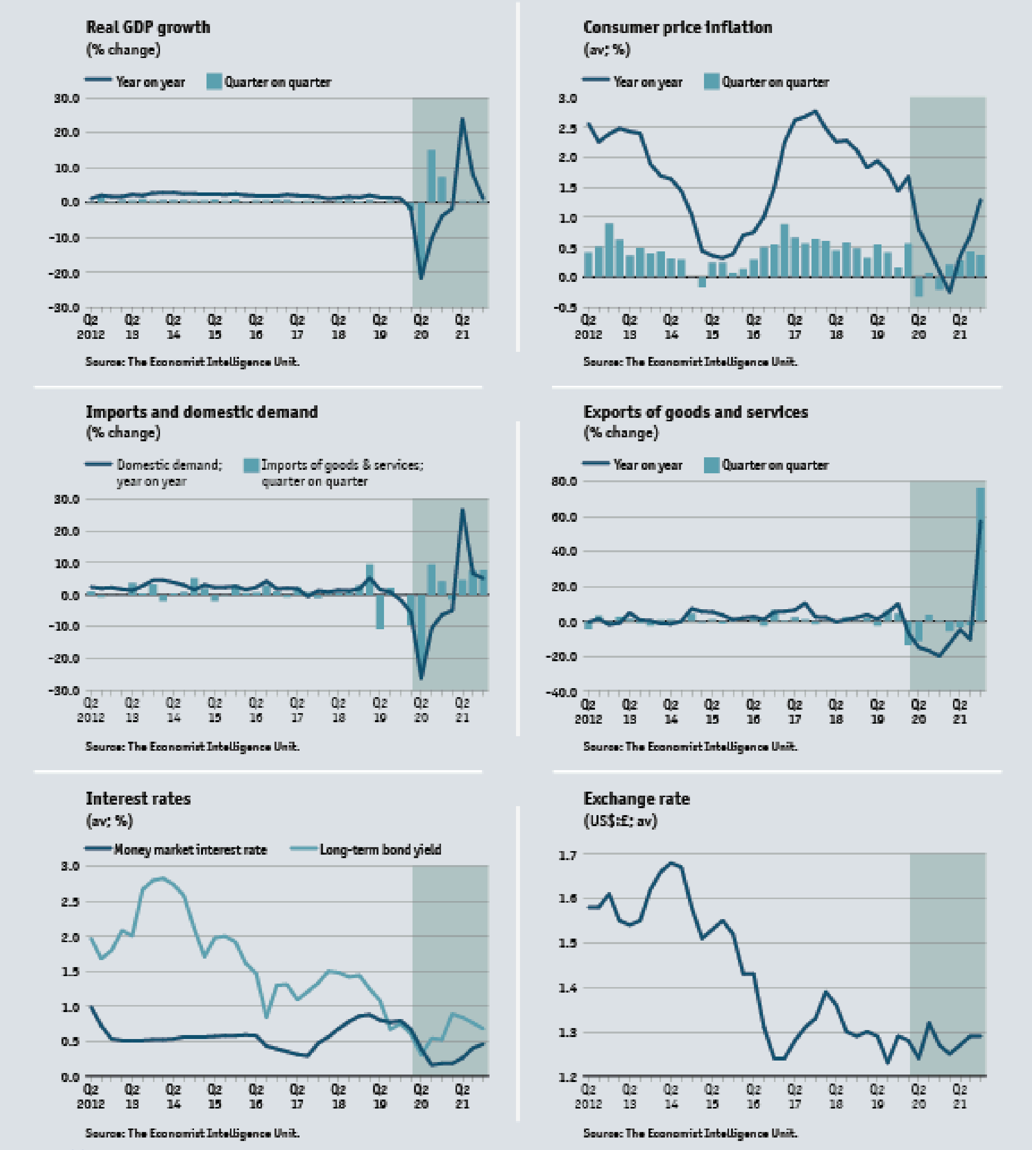
Data and charts: Quarterly trends charts

United Kingdom | Economy | Charts and tables | Quarterly trends charts

September 1st 2020

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

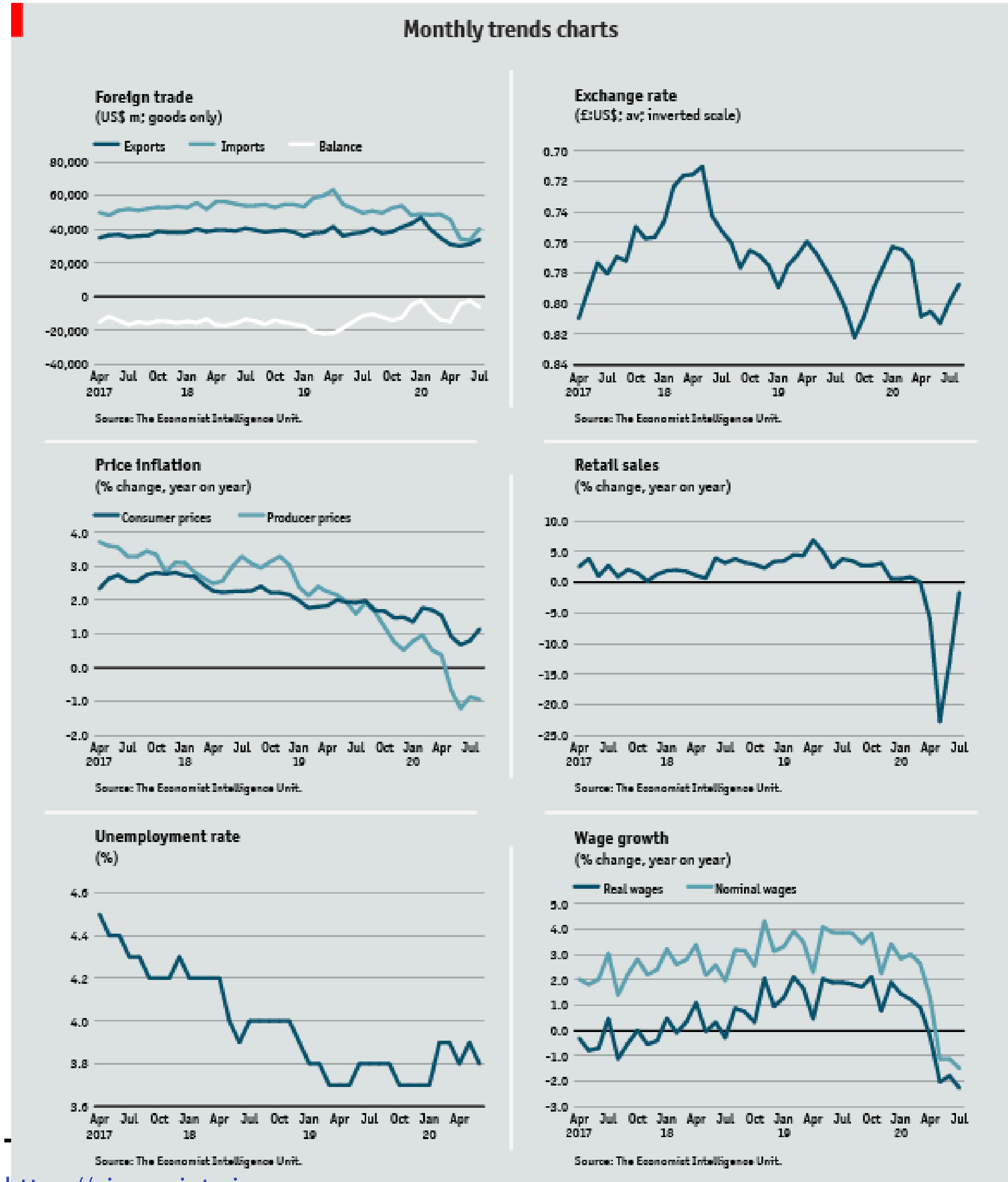
Quarterly trends charts



Data and charts: Monthly trends charts

United Kingdom | Economy | Charts and tables | Monthly trends charts

September 1st 2020


Monthly trends charts
Foreign trade
(US$ m; goods only)
Exports
Imports
Balance
Source: The Economist Intelligence Unit.
Exchange rate
(£:US$; av; inverted scale)
Source: The Economist Intelligence Unit.
Price inflation
(% change, year on year)
Consumer prices
Producer prices
Source: The Economist Intelligence Unit.
Retail sales
(% change, year on year)
Source: The Economist Intelligence Unit.
Unemployment rate
(%)
Source: The Economist Intelligence Unit.
Wage growth
(% change, year on year)
Real wages
Nominal wages
Source: The Economist Intelligence Unit.

Data summary: Gross domestic product, current market prices

United Kingdom | Economy | Charts and tables | GDP at current market prices

September 1st 2020

Gross domestic product, at current market prices

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Expenditure on GDP (£ bn at current market prices)										
GDP	1,916.9	1,995.5	2,071.7	2,144.3	2,216.5	2,041.2	2,154.3	2,205.5	2,269.3	2,360.8
Private consumption	1,235.9	1,299.1	1,346.9	1,404.0	1,436.5	1,342.6	1,363.9	1,371.5	1,390.0	1,426.3
Government consumption	373.7	381.5	386.7	396.2	417.5	378.8	432.1	453.3	472.0	500.5
Gross fixed investment	324.6	343.7	357.1	362.6	377.9	269.8	311.7	340.3	362.4	384.0
Exports of goods & services	530.0	567.5	629.1	656.5	700.5	587.5	633.4	680.0	724.7	777.8
Imports of goods & services	556.5	599.8	654.2	686.3	724.4	537.5	590.7	641.6	682.2	730.3
Stockbuilding	9.2	3.5	6.0	6.1	5.9	2.0	2.0	2.0	2.5	2.5
Domestic demand	1,943.4	2,027.8	2,096.6	2,169.0	2,237.9	1,993.2	2,109.6	2,167.1	2,226.9	2,313.3
Expenditure on GDP (US$ bn at current market prices)										
GDP	2,930.0	2,703.7	2,670.7	2,864.2	2,831.2	2,605.3	2,748.2	2,900.2	3,114.6	3,317.0
Private consumption	1,889.1	1,760.1	1,736.3	1,875.4	1,835.0	1,713.6	1,739.8	1,803.5	1,907.8	2,004.0
Government consumption	571.2	516.9	498.5	529.3	533.3	483.5	551.2	596.1	647.8	703.2

Gross fixed investment	496.2	465.7	460.3	484.4	482.7	344.4	397.6	447.5	497.4	539.6
Exports of goods & services	810.2	768.9	811.0	876.9	894.7	749.8	808.1	894.2	994.6	1,092.8
Imports of goods & services	850.6	812.7	843.4	916.7	925.4	686.0	753.6	843.8	936.4	1,026.1
Stockbuilding	14.0	4.8	7.7	8.2	7.6	2.6	2.6	2.6	3.4	3.5
Domestic demand	2,970.5	2,747.5	2,702.8	2,897.2	2,858.6	2,544.1	2,691.2	2,849.8	3,056.4	3,250.3
Economic structure (% of GDP at current market prices)										
Household consumption	64.5	65.1	65.0	65.5	64.8	65.8	63.3	62.2	61.3	60.4
Government consumption	19.5	19.1	18.7	18.5	18.8	18.6	20.1	20.6	20.8	21.2
Gross fixed investment	16.9	17.2	17.2	16.9	17.1	13.2	14.5	15.4	16.0	16.3
Stockbuilding	0.5	0.2	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1
Exports of goods & services	27.7	28.4	30.4	30.6	31.6	28.8	29.4	30.8	31.9	32.9
Imports of goods & services	29.0	30.1	31.6	32.0	32.7	26.3	27.4	29.1	30.1	30.9
Memorandum item										
National savings ratio (%)	12.5	12.2	14.0	13.3	13.3[c]	11.6	11.9	12.6	13.0	13.2

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] Economist Intelligence Unit estimates.

Data summary: Gross domestic product, at constant prices

United Kingdom | Economy | Charts and tables | GDP at constant prices

September 1st 2020

Gross domestic product, at constant prices

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Real expenditure on GDP(£ bn at chained 2013 prices)										
GDP	1,957.9	1,995.5	2,033.2	2,060.5	2,090.6	1,892.9	2,023.5	2,065.4	2,099.1	2,131.7
Household consumption	1,253.3	1,299.0	1,327.8	1,348.7	1,361.9	1,229.2	1,309.8	1,331.6	1,348.2	1,363.0
Government consumption	377.9	381.5	382.5	384.2	397.3	381.4	410.0	418.2	426.5	435.1
Gross fixed investment	331.6	343.7	349.3	348.5	350.8	258.2	284.0	301.1	309.8	318.7
Exports of goods & services	552.4	567.5	602.1	609.5	640.1	545.7	584.5	616.6	650.2	689.9
Imports of goods & services	574.6	599.8	620.8	633.2	662.5	511.9	555.1	592.2	626.3	665.7
Stockbuilding (% of GDP)	16.1	3.6	-9.0	-5.5	-1.7	2.0	2.0	2.0	2.5	2.5
Domestic demand	1,978.5	2,027.8	2,051.7	2,079.3	2,110.7	1,873.7	2,008.6	2,055.7	2,089.8	2,122.1
Real expenditure on GDP (% change)										
GDP	2.4	1.9	1.9	1.3	1.5	-9.5	6.9	2.1	1.6	1.6
Household consumption	3.0	3.6	2.2	1.6	1.0	-9.7	6.6	1.7	1.2	1.1
Government consumption	1.8	1.0	0.3	0.4	3.4	-4.0	7.5	2.0	2.0	2.0
Gross fixed investment	3.7	3.6	1.6	-0.2	0.7	-26.4	10.0	6.0	2.9	2.9

Exports of goods & services	3.8	2.7	6.1	1.2	5.0	-14.7	7.1	5.5	5.5	6.1
Imports of goods & services	5.4	4.4	3.5	2.0	4.6	-22.7	8.4	6.7	5.8	6.3
Stockbuilding (% contribution to GDP growth)	-0.3	-0.6	-0.6	0.2	0.2	0.2	0.0	0.0	0.0	0.0
Domestic demand	2.6	2.5	1.2	1.3	1.5	-11.2	7.2	2.3	1.7	1.5
Real contribution to GDP growth (% points)										
Private consumption	1.9	2.3	1.4	1.0	0.6	-6.3	4.3	1.1	0.8	0.7
Government consumption	0.3	0.2	0.0	0.1	0.6	-0.8	1.5	0.4	0.4	0.4
Gross fixed investment	0.6	0.6	0.3	0.0	0.1	-4.4	1.4	0.8	0.4	0.4
External balance	-0.5	-0.5	0.7	-0.2	0.1	2.7	-0.2	-0.3	0.0	0.0
Memorandum items										
Industrial production (% change)	1.0	1.2	1.7	0.8	-1.3	-16.0	3.1	2.6	1.5	1.2
Real personal disposable income (% change)	5.3	0.4	1.3	2.4	1.2	-6.2	5.3	1.3	1.0	1.1

[a] Actual. [b] Economist Intelligence Unit forecasts.

Data summary: Gross domestic product by sector of origin

United Kingdom | Economy | Charts and tables | GDP by sector of origin

September 1st 2020

Gross domestic product by sector of origin

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Origin of GDP (£ bn at chained 2010 prices)										
GDP at factor cost	1,744.2	1,778.1	1,813.5	1,843.5	1,868.8	1,692.0	1,808.8	1,846.3	1,876.4	1,905.6
Agriculture	12.8	12.1	12.8	12.4	12.2	11.5	11.6	11.8	11.9	12.0
Industry	344.0	350.8	362.0	364.0	363.1	323.1	332.8	339.8	344.9	349.1
Services	1,387.5	1,415.2	1,438.7	1,467.1	1,493.5	1,357.4	1,464.4	1,494.6	1,519.6	1,544.6
Origin of GDP (real % change)										
Agriculture	1.0	-5.6	5.8	-3.0	-1.1	-6.0	1.0	2.0	0.5	0.5
Industry	1.9	2.0	3.2	0.5	-0.2	-11.0	3.0	2.1	1.5	1.2
Services	2.2	2.0	1.7	2.0	1.8	-9.1	7.9	2.1	1.7	1.6
Origin of GDP (% of factor cost GDP)										
Agriculture	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Industry	20.3	19.7	19.7	19.6	19.5	19.2	18.5	18.5	18.5	18.4

Services	79.0	79.6	79.6	79.7	79.8	80.1	80.9	80.9	80.9	81.0
Memorandum item										
Industrial production (% change)	1.0	1.2	1.7	0.8	-1.3	-16.0	3.1	2.6	1.5	1.2

[a] Actual. [b] Economist Intelligence Unit forecasts.

Data summary: Growth and productivity

United Kingdom | Economy | Charts and tables | Growth and productivity

September 1st 2020

Growth and productivity

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Growth and productivity (%)										
Labour productivity growth	0.6	0.4	0.9	0.1	0.4	-2.6	5.1	0.6	0.6	0.6
Total factor productivity growth	0.4	0.1	0.4	-0.1	0.1	-5.3	6.0	1.1	0.8	0.9
Growth of capital stock	2.3	2.5	2.4	2.0	1.9	-1.7	-0.6	0.1	0.4	0.7
Growth of potential GDP	1.8	1.7	1.7	1.5	1.7	-7.6	7.1	0.8	1.1	1.4
Growth of real GDP	2.4[c]	1.9[c]	1.9[c]	1.3[c]	1.5[c]	-9.5	6.9	2.1	1.6	1.6
Growth of real GDP per head	1.8[c]	1.3[c]	0.5[c]	0.7	0.9	-9.9	6.4	1.6	1.2	1.2

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Data summary: Economic structure, income and market size

United Kingdom | Economy | Charts and tables | Economic structure, income and market size

September 1st 2020

Economic structure, income and market size

	2015[a]	2016[a]	2017[a]	2018[a]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]
Population, income and market size										
Population (m)	65.4	65.8	66.7	67.1[b]	67.5	67.9	68.2	68.5	68.8	69.0
GDP (US$ bn at market exchange rates)	2,930	2,704	2,671	2,864	2,831[a]	2,605	2,748	2,900	3,115	3,317
GDP per head (US$ at market exchange rates)	44,804	41,097	40,024	42,659[b]	41,925	38,378	40,292	42,340	45,293	48,057
Private consumption (US$ bn)	1,889	1,760	1,736	1,875	1,835[a]	1,714	1,740	1,804	1,908	2,004
Private consumption per head (US$)	28,886	26,754	26,021	27,931[b]	27,172	25,242	25,508	26,330	27,743	29,034
GDP (US$ bn at PPP)	2,768	2,897	3,037	3,121	3,258[a]	2,958	3,213	3,335	3,451	3,564
GDP per head (US$ at PPP)	42,334	44,042	45,516	46,481[b]	48,239	43,577	47,107	48,692	50,180	51,635
Personal disposable income (£ bn)	1,323	1,346	1,383	1,453	1,498[a]	1,447	1,452	1,455	1,471	1,509
Personal disposable income (US$ bn)	2,022	1,824	1,783	1,940	1,913[a]	1,847	1,852	1,914	2,019	2,120
Growth of real disposable income (%)	5.3	0.4	1.3	2.4	1.8	-6.7	5.3	1.3	1.0	1.1
Memorandum items										
Share of world population (%)	0.89	0.89	0.89	0.89[b]	0.89	0.88	0.88	0.88	0.88	0.88
Share of world GDP (% at market exchange rates)	3.95	3.58	3.33	3.36	3.26[a]	3.21	3.18	3.15	3.17	3.19

Share of world GDP (% at PPP)	2.51	2.54	2.53	2.45	2.45[a]	2.30	2.36	2.34	2.31	2.27
Share of world exports of goods (%)	2.71	2.58	2.51	2.46	2.58	2.48	2.33	2.36	2.48	2.63

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Data summary: Fiscal indicators

United Kingdom | Economy | Charts and tables | Fiscal indicators

September 1st 2020

Fiscal indicators

	2015[a]	2016[a]	2017[a]	2018[a]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]
Fiscal indicators (% of GDP)										
Government expenditure	42.3	41.5	41.2	40.9	41.0	48.1	42.5	42.8	42.9	43.2
Interest[d]	2.3	2.4	2.7	2.4	2.2	1.5	1.1	1.0	1.3	1.7
Non-interest[d]	40.0	39.1	38.5	38.5	38.8	46.6	41.4	41.7	41.6	41.5
Government revenue[d]	37.7	38.2	38.7	38.7	38.9	30.3	35.5	39.0	40.8	40.4
Budget balance[d]	-4.6	-3.3	-2.5	-2.2	-2.1	-18.	-7.1	-3.9	-2.2	-2.8
Primary balance[d]	-2.3	-0.9	0.2	0.2	0.1	-16.3	-5.9	-2.8	-0.8	-1.1
Government debt[e]	86.9	86.8	86.2	85.7	85.4	110.5	111.7	112.7	111.6	109.9

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

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

United Kingdom | Economy | Charts and tables | Monetary indicators

September 1st 2020

Monetary indicators

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
Monetary indicators										
Exchange rate US$:£ (av)	1.53	1.35	1.29	1.34	1.28	1.28	1.28	1.32	1.37	1.41
Exchange rate €:£ (av)	1.38	1.22	1.14	1.13	1.14	1.13	1.08	1.15	1.16	1.16
Exchange rate US$:€ (av)	1.11	1.11	1.13	1.18	1.12	1.13	1.18	1.14	1.19	1.21
Exchange rate €:£ (year-end)	1.35	1.17	1.13	1.12	1.15	1.12	1.11	1.14	1.16	1.14
Real effective exchange rate (av; 2005=100)	113.7	102.4	97.1	98.8	98.3	99.4	98.5	98.7	99.5	99.8
M4 money supply growth (%)[c]	0.6	6.2	4.8	2.3	3.8	14.9	2.9	2.5	1.2	2.3
Domestic credit growth (%)	0.3	4.2	5.4	3.2	4.9	15.1	3.0	2.7	1.4	2.5
Purchasing power parity US$:£ (av)	1.44	1.45	1.47	1.46	1.47	1.45	1.49	1.51	1.52	1.51
3-month £-Libor rate (av; %)	0.6	0.5	0.4	0.7	0.8	0.4	0.3	0.7	0.8	1.0

10-year government bond yield (av; %)	1.9	1.3	1.2	1.5	0.9	0.5	0.8	1.1	1.5	1.9
Bank of England base rate (%; end-period)	0.50	0.25	0.50	0.75	0.75	0.10	0.10	0.25	0.75	1.25
Lending rate (%; average mortgage SVR from UK MFIs)	4.5	4.4	4.4	4.3	4.3	4.0	4.0	4.2	4.4	4.5
Deposit rate (av; %)	1.6	1.3	0.9	0.9	0.9	0.8	0.8	1.0	1.3	1.5

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] 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.

Data summary: Employment, wages and prices

United Kingdom | Economy | Charts and tables | Employment, wages and prices

September 1st 2020

Employment, wages and prices

	2015[a]	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[b]	2022[b]	2023[b]	2024[b]
The labour market (av)										
Labour force (m)	33.1	33.4	33.5	33.8	34.1	33.2	33.9	33.7	33.8	33.9
Labour force (% change)	0.9	0.9	0.5	0.9	0.8	-2.6	1.9	-0.5	0.1	0.5
Employment (m)	31.3	31.7	32.1	32.4	32.8	30.5	31.0	31.5	31.8	32.1
Employment (% change)	1.7	1.5	1.0	1.2	1.1	-7.0	1.7	1.5	1.0	1.0

Unemployment (m)	1.8	1.6	1.5	1.4	1.3	2.7	2.8	2.2	2.0	1.8
Unemployment rate (%; EU/OECD standardised measure)	5.4	4.9	4.4	4.1	3.8	7.2	8.4	6.6	5.8	5.3
Wage and price inflation (% except labour costs per hour)										
GDP deflator	0.6	2.1	1.9	2.1	1.9	1.7	-1.3	0.3	1.2	2.4
Consumer prices (av; CPIH measure)	0.4	1.0	2.6	2.3	1.7	0.8	0.5	0.9	1.1	1.5
Producer prices (av)	-1.7	0.5	3.4	2.9	1.6	-0.4	0.7	2.3	1.7	2.0
GDP deflator (av)	0.6	2.1	1.9	2.1	1.9[c]	1.7	-1.3	0.3	1.2	2.4
Private consumption deflator (av)	0.0	1.4	1.4	2.6	1.3[c]	3.5	-4.7	-1.1	0.1	1.5
Government consumption deflator (av)	-0.5	1.1	1.1	2.0	1.9[c]	-5.5	6.1	2.9	2.1	4.0
Fixed investment deflator (av)	2.8	2.2	2.2	1.8	3.5[c]	-3.0	5.0	3.0	3.5	3.0
Average nominal wages (av)	2.4	2.4	2.3	2.9	3.4	-4.3	3.5	2.9	2.5	3.1
Average real wages (av)	2.0	1.4	-0.3	0.6	1.7	-5.0	3.0	2.0	1.4	1.6
Unit labour costs (£-based; av)	0.4	2.2	2.3	2.9	2.7	-0.7	-1.0	3.3	2.9	3.6
Unit labour costs (US$-based)	-6.9	-9.4	-2.6	6.6	-1.8	-0.8	-1.1	6.5	7.4	6.0
Labour costs per hour (£)	20.8[c]	21.3[c]	22.0[c]	22.7[c]	23.5[c]	22.5	23.3	24.0	24.6	25.3
Labour costs per hour (US$)	31.7[c]	28.9[c]	28.4[c]	30.3[c]	30.0[c]	28.7	29.7	31.5	33.7	35.6

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] Economist Intelligence Unit estimates.

Data summary: Current account and terms of trade

United Kingdom | Economy | Charts and tables | Current account and terms of trade

September 1st 2020

Current account and terms of trade

	2015[a]	2016[a]	2017[a]	2018[a]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]
Current account (US$ bn)										
Current-account balance	-143.6	-141.8	-93.0	-110.2	-113.3	-43.9	-73.0	-83.3	-97.4	-104.4
Current-account balance (% of GDP)	-4.9	-5.2	-3.5	-3.8	-4.0	-1.7	-2.7	-2.9	-3.1	-3.1
Goods: exports fob	436.9	402.6	434.8	466.6	475.8	368.9	383.1	428.7	487.1	548.1
Goods: imports fob	-616.6	-583.9	-609.8	-652.4	-641.5	-425.8	-478.9	-548.7	-622.1	-696.6
Trade balance	-179.7	-181.1	-175.1	-185.8	-165.7	-56.9	-95.9	-120.0	-135.0	-148.5
Services: credit	373.0	364.0	376.0	409.2	418.5	368.6	396.8	430.1	458.7	485.1
Services: debit	-233.7	-226.4	-233.3	-263.0	-283.4	-253.4	-282.9	-305.6	-325.5	-343.1
Services balance	139.3	137.6	142.7	146.2	135.1	115.2	113.9	124.5	133.2	142.0
Primary income: credit	207.2	186.4	241.1	291.7	265.0	162.7	179.4	214.2	246.1	275.9
Primary income: debit	-274.0	-252.8	-272.9	-328.1	-312.5	-232.6	-236.4	-266.1	-303.0	-332.7
Primary income balance	-66.8	-66.4	-31.8	-36.4	-47.5	-69.9	-57.0	-51.9	-56.9	-56.9
Secondary income: credit	24.9	22.8	22.7	24.9	23.9	22.0	23.2	24.5	26.3	28.0
Secondary income: debit	-61.1	-55.0	-51.6	-59.0	-59.0	-54.3	-57.3	-60.4	-64.9	-69.1

Secondary income balance	-36.2	-32.2	-28.9	-34.1	-35.1	-32.3	-34.1	-36.0	-38.6	-41.1
Terms of trade										
Export price index (US$-based; 2010=100)	95.1	89.0	89.9	96.2	92.2[a]	88.0	88.6	93.8	98.7	101.6
Export prices (% change)	-14.2	-6.5	1.1	7.0	-4.2[a]	-4.5	0.7	5.8	5.2	2.9
Import price index (US$-based; 2010=100)	96.7	88.5	89.6	95.3	89.7[a]	81.6	83.0	87.4	91.4	93.8
Import prices (% change)	-12.9	-8.5	1.2	6.4	-5.9[a]	-9.1	1.8	5.3	4.6	2.6
Terms of trade (2010=100)	98.3	100.5	100.4	101.0	102.8[a]	107.9	106.8	107.3	108.0	108.3
Memorandum item										
Export market growth (%)	5.1	4.1	4.8	4.7	0.7	-11.7	7.1	5.1	3.7	3.6

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Data summary: Foreign direct investment

United Kingdom | Economy | Charts and tables | Foreign direct investment

September 1st 2020

Foreign direct investment

	2015[a]	2016[a]	2017[a]	2018[a]	2019[b]	2020[c]	2021[c]	2022[c]	2023[c]	2024[c]
Foreign direct investment (US$ bn)										
Inward direct investment	45.3	324.8	121.3	81.2	20.7	-8.2	53.8	78.7	98.9	92.7
Inward direct investment (% of GDP)	1.5	12.0	4.5	2.8	0.7	-0.3	2.0	2.7	3.2	2.8
Inward direct investment (% of gross fixed investment)	9.1	69.7	26.4	16.8	4.3	-2.4	13.5	17.6	19.9	17.2
Outward direct investment	60.2	-33.0	-138.1	-56.4	67.1	22.7	-12.0	-19.6	-24.2	-28.1
Net foreign direct investment	105.5	291.8	-16.8	24.8	87.8	14.5	41.9	59.0	74.7	64.7
Stock of foreign direct investment	2,080.0	2,009.0	2,292.0	2,291.0	2,372.0	2,363.8	2,417.7	2,496.3	2,595.2	2,687.9
Stock of foreign direct investment per head (US$)	31,806	30,537	34,349	34,122	35,125	34,820	35,446	36,444	37,740	38,943
Stock of foreign direct investment (% of GDP)	71.0	74.3	85.8	80.0	83.8	90.7	88.0	86.1	83.3	81.0
Memorandum items										
Share of world inward direct investment flows (%)	1.4	12.4	6.0	11.7	2.0	-0.8	5.1	7.1	8.6	7.8
Share of world inward direct investment stock (%)	7.9	7.1	7.6	7.2	6.9	7.2	7.0	6.9	6.9	6.9

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Political structure

United Kingdom | Summary | Political structure

September 1st 2020

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

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), 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

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: Alok Sharma

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 development: Anne-Marie Trevelyan

International trade: Liz Truss

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

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September 1st 2020

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

Population

66m (official mid-year estimate, 2017)

Main towns

Population in ’000 (official mid-year estimates, 2017)

Greater London (capital): 8,825

Birmingham: 1,137

Leeds: 785

Glasgow: 621

Sheffield: 578

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

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

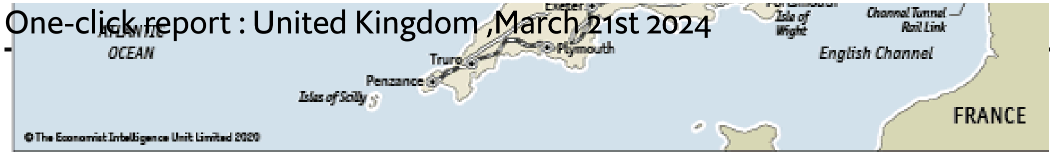
April 1st to March 31st; tax year April 6th to April 5th

Public holidays

January 1st (New Year's Day), April 10th (Good Friday), April 13th (Easter Monday), May 8th (Early May Bank Holiday), May 25th (Spring Bank Holiday), August 31st (Summer Bank Holiday), December 25th and 28th (Christmas Day and Boxing Day*)

(*Boxing Day is traditionally celebrated on December 26th. As that day is a Saturday in 2020, the next working day is given as holiday)

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

Economist Intelligence
The Adelphi
1-11 John Adam Street
London, WC2N 6HT
United Kingdom
Tel: +44 (0) 20 7576 8181
E-mail: london@eiu.com

New York

Economist Intelligence
900 Third Avenue
16th Floor
New York, NY 10022
United States
Tel:+1 212 541 0500
E-mail: americas@eiu.com

Hong Kong

Economist Intelligence

Gurugram

Economist Intelligence

1301 Cityplaza Four
12 Taikoo Wan Road
Taikoo Shing
Hong Kong
Tel: +852 2585 3888
E-mail: asia@eiu.com

Skootr Spaces, Unit No. 1,
12th Floor, Tower B, Building No. 9
DLF Cyber City, Phase - III
Gurugram - 122002
Haryana
India
Tel: +91 124 6409486
E-mail: asia@eiu.com

Dubai

Economist Intelligence
PO Box No - 450056
Office No - 1301A
Aurora Tower
Dubai Media City
Dubai
United Arab Emirates
Tel: +971 4 463 147
E-mail: mea@eiu.com

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