

**ECONOMIST
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EIU

Viewpoint

One-click report : United Kingdom

May 24th 2024

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Briefing sheet

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Political and economic outlook

- The UK economy is the sixth largest in the world. Services make up more than 40% of total exports and 80% of GDP. Although the UK is now outside the EU single market and customs union, Europe remains its largest trading partner and a key investment source.
- EIU expects the ruling Conservative Party to lose the next general election, which we expect to take place in late 2024, ceding power after 14 years to the main opposition Labour Party. We expect Labour's lead in the opinion polls (about 20 percentage points) to shrink in the run-up to the election, but we still believe that Labour will win a majority.
- In office, we expect Labour to prioritise an overhaul of planning legislation (to accelerate construction permits) and employment law (to address labour shortages). Improving public services—especially healthcare and education—will also be a priority, but investment ambitions will be cramped by a growing emphasis on fiscal consolidation.
- GDP growth will remain weak in 2024, reflecting the UK economy's overreliance on private consumption—which will remain affected by the knock-on impact of falling asset prices—as well as the ongoing impact of Brexit on

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exports. We expect firmer growth in 2025 and a return to trend growth in 2026-28 as domestic and external demand pick up.

- The 2020 UK-EU trade agreement caused dissatisfaction in Northern Ireland. Following a new deal that strengthens Northern Ireland’s place in the UK internal market, tensions over trade have eased, but the relationship remains fraught, notably on migration policy.
- The UK is one of seven European countries with a public debt/GDP ratio over 100%. Borrowing costs will remain high amid weak economic growth and elevated interest rates, but the UK benefits from the ability to borrow in sterling and a long debt maturity.
- Relations with the EU would be less fractious under a Labour government. Labour has said that it would seek closer relations with the EU, but it does not advocate rejoining the single market or customs union. This limits the degree of trade liberalisation possible.

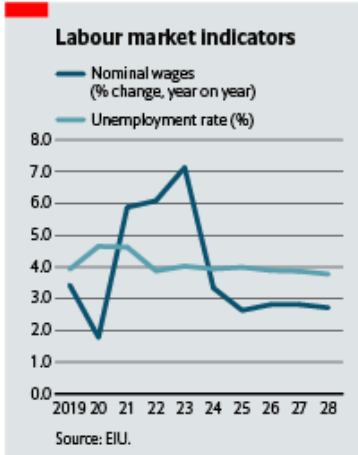
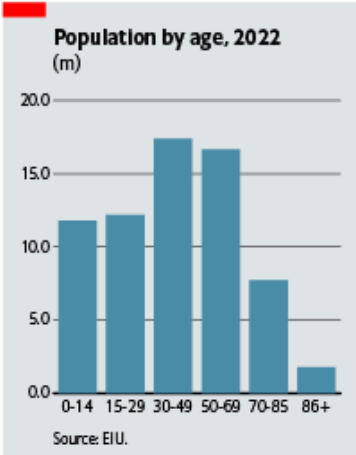
Key indicators

	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Real GDP growth (%)	0.1	0.4	1.3	1.6	1.5	1.5
Consumer price inflation (av; %)	6.8	2.6	2.0	2.0	2.0	1.9
Government balance (% of GDP)	-5.6	-4.2	-3.6	-3.0	-2.5	-2.2
Current-account balance (% of GDP)	-3.3	-2.8	-2.9	-2.9	-3.0	-3.0
Short-term interest rate (av; %)	5.0	5.1	4.5	3.7	3.2	3.0
Unemployment rate (%)	4.0	3.9	4.0	3.9	3.9	3.8
Exchange rate £:US\$ (av)	0.80	0.80	0.80	0.78	0.77	0.76

^a Actual. ^b EIU forecasts.

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Market opportunities



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Key changes since April 12th

- Initial results from local elections on May 2nd indicate an extremely poor outcome for the Conservatives, as expected, as voters (especially in northern England and the midlands) switch to Labour. This provides a boost for Labour in the run-up to the general election.
- Parliament passed the Safety of Rwanda (Asylum and Immigration) Bill after a legislative back-and-forth between the two houses of parliament. The controversial bill is intended to close off most legal challenges to the deportation of asylum-seekers to Rwanda.
- International human rights bodies will continue to object to the scheme, but for the Conservatives this hardline stance on immigration will be an important element of the election campaign, aiming to win back voters from the anti-immigration Reform UK party.
- The prime minister, Rishi Sunak, has announced an increase in defence spending to 2.5% of GDP by 2030, from 2.3% in 2023. This is to be funded by spending cuts elsewhere, so we have not adjusted our fiscal forecasts. We expect the next government to uphold this.

The month ahead

- May 10th—Real GDP growth (Q1, preliminary): We expect the first-quarter data to show that the UK economy has returned to growth, at a modest 0.2% quarter on quarter, after a technical recession (two consecutive quarters of contraction) in the second half of 2023. Inflation is now easing, but Brexit trade frictions remain a constraint on growth.
- June 20th—BoE monetary policy meeting: We expect the Bank of England (BoE, the central bank) to cut rates in June, but there is a substantial risk of a delay to August, should upcoming data releases warrant this. We have

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pushed back our forecast for the first US Federal Reserve rate cut from June to September, on the back of strong US growth.

Major risks to our forecast

Scenarios, Q1 2024	Probability	Impact	Intensity
UK falls from sluggish growth into another recession	Very high	High	20
Strains on corporate balance sheets from rising interest rates lead to a wave of business failures	High	High	16
Another major cyber-attack strikes the UK	Very high	Moderate	15
Limited fiscal space and rising borrowing costs force significant tax rises	Very high	Moderate	15
Electricity grid infrastructure proves inadequate for energy transition	High	Moderate	12

Note. Scenarios and scores are taken from our Operational Risk 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: EIU.

Forecast summary

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Forecast summary

(% unless otherwise indicated)

	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Real GDP (% change)	0.1	0.4	1.3	1.6	1.5	1.5
Industrial production (% change)	-0.4	1.1	1.7	1.9	1.9	1.8
Unemployment rate (av; EU/OECD harmonised measure)	4.0	3.9	4.0	3.9	3.9	3.8
Consumer price inflation (av; CPIH measure)	6.8	2.6	2.0	2.0	2.0	1.9
3-month £-LIBOR rate (av)	5.0	5.1	4.5	3.7	3.2	3.0
Bank of England base rate (end-period)	5.25	4.50	4.25	3.50	3.00	3.00
Government budget balance (% of GDP) ^c	-5.6	-4.2	-3.6	-3.0	-2.5	-2.2
Exports of goods fob (US\$ bn)	491	495	505	530	555	573
Imports of goods fob (US\$ bn)	-722	-735	-748	-816	-850	-897
Current-account balance (US\$ bn)	-110.4	-97.5	-104.0	-109.0	-118.8	-124.3
Current-account balance (% of GDP)	-3.3	-2.8	-2.9	-2.9	-3.0	-3.0
Exchange rate US\$:£ (av)	1.24	1.24	1.24	1.29	1.30	1.31
Exchange rate ¥:£ (av)	174.7	178.1	160.0	151.6	142.0	142.5

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Exchange rate €:£ (av)	1.15	1.14	1.09	1.12	1.12	1.12
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^a Actual. ^b EIU forecasts. ^c General government.

Political stability

United Kingdom | Politics | Forecast | Political stability

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Despite major fractures within the ruling Conservative Party, Rishi Sunak is likely to remain prime minister until the next general election, which EIU expects to be held in late 2024. The Conservatives trail the centre-left opposition Labour Party in the polls by about 20 percentage points, owing to the economy’s poor performance in recent years, magnified by a series of adverse market reactions to the policies of Mr Sunak’s predecessor, Liz Truss. Even if the economy improves and Mr Sunak manages to boost the Conservatives’ polling slightly before the election, there is deep public discontent about the poor state of public services and desire for a change of leadership after 14 years of Conservative government. This will limit the extent to which the Conservatives can rally public support. We expect Labour to win the next election with a majority.

Labour is likely to benefit from an initial honeymoon period in office, but may subsequently struggle to govern effectively if economic conditions do not improve. The lack of fiscal space will constrain policymaking, as will a lack of consensus about how to address some of the social-values issues prioritised by the Conservatives, such as tackling illegal immigration. There is therefore a significant risk that public frustration with the next government will rise if Labour fails to make headway on economic and social issues.

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The pro-independence Scottish National Party (SNP), which holds the largest number of Scottish seats in the UK parliament and the most seats in the devolved Scottish parliament, has been agitating for a new referendum on Scottish independence since the 2016 vote to leave the EU. Both Labour and the Conservatives oppose a referendum, so this would only be feasible if the SNP held the balance of power in the House of Commons (the lower house) in the event of a hung parliament. However, the SNP's support has been falling sharply, not helped by two changes of leadership in just over a year, and it is set for heavy losses to the Scottish Labour Party in the upcoming election. A referendum is therefore very unlikely.

Tensions in Northern Ireland have eased since the start of February, after an agreement was reached with the government in Westminster to streamline checks of goods sold to or from the UK, as part of a newly renamed "UK internal market". This was an improvement on the Windsor Framework, agreed in February 2023, which had already helped to ease checks at the regulatory border in the Irish Sea, and convinced the Democratic Unionist Party (DUP), the largest unionist party, to rejoin the Northern Ireland government. This supports political stability in Northern Ireland.

Election watch

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Initial results from the local elections on May 2nd indicate an extremely poor outcome for the Conservatives, with voters (especially in northern England and the midlands) swinging to Labour. This provides some additional momentum for Labour in the run-up to the general election.

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The next election is likely to be in autumn 2024. The prime minister can decide the date of the election unilaterally, provided parliament is dissolved within five years of the previous election (December 12th 2019), with an election following within 25 days. This makes the latest possible date January 24th 2025. We expect Mr Sunak to try to avoid calling an election for as long as possible (albeit before the December-January period to avoid campaigning over Christmas). A government reshuffle in November 2023 signalled that the Conservatives would attempt to appeal to moderate, traditional Conservative voters in southern England, rather than consolidate their gains in more socially conservative Labour-leaning seats in the north.

We expect the next election to produce a Labour government. Labour's support is currently concentrated in metropolitan seats, and unless this changes the party would need about a 10-point lead to win an overall majority—at present its lead is double this. A spate of recent by-elections have also resulted in Labour overturning large Conservative majorities, with significant tactical voting between supporters of Labour and the centrist Liberal Democrats. Although our baseline forecast is for a Labour majority, a hung parliament is possible if Labour's support ebbs substantially during the campaign period, or if the Conservatives lose a disproportionate number of seats to the Liberal Democrats. However, a Labour government is still the most likely outcome of a hung parliament, as most smaller parties (including the Liberal Democrats, the Green Party, and Scottish and Welsh nationalist parties) are ideologically more sympathetic to Labour.

International relations

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UK policy towards Ukraine and Russia is unlikely to change under the next government. In line with the rest of Europe, the UK will keep sanctions against Russia in place; it will also keep about half of the reserves of the Central Bank of Russia frozen, while cutting off some Russian banks from the SWIFT international financial messaging system and maintaining a ban on the import of Russian oil. The UK has been the third-largest contributor of military aid to Ukraine in absolute terms (after the US and Germany), and is heavily involved in training Ukrainian military personnel and supplying long-range missiles.

UK policy on the Israel-Hamas war is likely to remain broadly supportive of Israel. In January UK and US forces launched a series of co-ordinated strikes against Yemen's Houthi rebels, in retaliation for their attacks on international ships in the Red Sea. We expect the Houthis to continue to disrupt the shipping route via the Suez Canal, pushing up global shipping costs, until a ceasefire is agreed in Gaza. Labour will come under growing pressure from the UK's mostly Labour-voting Muslim constituency to be more critical of Israel's tactics as regards civilian casualties in Gaza.

Tensions with Ireland have risen over migration, as the passing in April of a controversial bill to deport asylum-seekers from the UK to Rwanda resulted in a surge in asylum-seekers to Ireland instead. The diplomatic spat has yet to be resolved, with the Irish government pursuing emergency legislation to return migrants who have crossed the border from Northern Ireland. Migration is now set to be a leading issue in both countries' approaching general elections.

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The UK's relationship with the EU has stabilised since the Brexit negotiations, which ran from 2017 until the UK's EU exit on January 31st 2020. The EU-UK Trade and Co-operation Agreement (TCA), which came into force in 2021, allows for zero-tariff, zero-quota trade between the UK and the EU. However, leaving the single market and customs union has created many non-tariff trade barriers. Labour has said that it would seek a closer relationship with the EU when the TCA is reviewed in 2025, but does not advocate rejoining the EU single market or customs union, limiting the degree of trade liberalisation possible.

Policy trends

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Policy trends](#)

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Legislative progress in the run-up to the 2024 election will be limited. The government will focus on proposals designed to be popular, such as tax cuts, and electorally strategic moves that appeal to the Conservative's voter base. These include bills to increase defence spending to 2.5% of GDP and deport asylum seekers to Rwanda, despite the concerns of international human rights bodies. The quality of service provision—particularly in the National Health Service (NHS, which has seen a fall in care quality and increased waiting times since the pandemic), education and policing—will dominate public concern ahead of the election but there will be little progress, given the deep-seated nature of the problem and the Conservative preference for tax cuts over greater public spending.

Labour has highlighted five key areas that it will prioritise: accelerating construction, particularly of homes and infrastructure; lowering energy bills by lifting renewable energy capacity; improving public healthcare; reducing crime; and improving educational outcomes. On internally divisive areas—such as foreign and trade policy—it will maintain the current Conservative positions.

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Many proposed Labour policies are politically divisive (such as changes to planning laws), whereas tackling others (education and crime) require long-term efforts and will not consequently yield significant improvements until late in (or after) our forecast period. Investment plans will also be constrained by elevated borrowing costs, in view of a determination to reduce the large budget deficit and cut public debt levels. The Labour manifesto was finalised on February 8th, but the details will not be published until necessary, so to avoid any internal rebellion or politically strategic response from the Conservatives. We expect the party to stay close to the political centre ground.

Fiscal policy

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The fiscal deficit came in at 5.6% of GDP in 2023, and will remain above 4% of GDP in 2024 as the government keeps spending elevated ahead of the general election. The latest fiscal statements included cuts to national insurance contributions, and delayed public-sector spending cuts until after the election. Additional planned spending on defence is to be funded by civil service job cuts. A final fiscal statement could be held by the current government this autumn, and the Conservatives have suggested that cuts to income tax could be included. However, the poor economic growth outlook and rising tax burden as a share of GDP—due to slow productivity growth, rising debt-servicing costs and an ageing population—mean that consolidating the public finances is increasingly being seen as an urgent priority.

Labour is likely to come into office on a platform of higher public spending and investment programmes, in view of a clear voter desire for improvements in public services. However, the political consensus that fiscal consolidation is

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overdue will be a major constraint on policymaking. Given revenue constraints, goals such as boosting business investment will have to be achieved through targeted measures rather than by lowering corporation tax.

We forecast that the budget deficit will shrink to just over 2% of GDP in 2028 as GDP growth returns to trend. We forecast that public debt will peak at 102% of GDP in 2024-26, before moderating slowly to just below 100% of GDP by 2028.

Monetary policy

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The Bank of England (BoE, the central bank) has kept rates steady since September 2023 at 5.25%, after 14 consecutive rate rises. With inflation now declining towards the 2% target, we expect the first rate cut to take place at the June monetary policy meeting, but there is a high risk that this could be delayed to August, depending on high-frequency data releases in the run-up to this decision. The start of monetary policy easing is likely to be roughly in line with the timeframe of the European Central Bank (ECB), which we also expect to start cutting rates in June. The US Federal Reserve (the Fed) will, however, hold off until later in the year (we expect it to start only in September). We expect the BoE to gradually bring down the policy rate to 3% by early 2027 and to keep it at that level for the remainder of the forecast period. We do not expect a return to the very low interest rates of the 2010s, as inflation stabilises at a higher level, reflecting greater investment spending in areas such as defence and the green transition, and higher social spending for the ageing population.

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Global forecast data

United Kingdom | Economy | Forecast | International assumptions

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	2023	2024	2025	2026	2027	2028
Economic growth (%)						
US GDP	2.5	2.0	1.6	2.0	2.1	2.0
Developed economies GDP	1.6	1.5	1.6	1.8	1.9	1.8
EU27 GDP	0.6	0.9	1.7	1.8	1.8	1.7
World GDP	2.5	2.4	2.6	2.7	2.7	2.7
World trade	-0.3	2.5	3.5	3.6	3.7	3.5
Inflation indicators (% unless otherwise indicated)						
US CPI	4.1	2.7	2.2	2.3	2.3	2.4
Developed economies CPI	4.5	2.5	2.0	2.0	2.0	2.0
EU27 CPI	6.1	2.6	2.2	2.1	2.0	2.0
Manufactures (measured in US\$)	3.9	3.6	4.9	3.2	2.2	2.6
Oil (Brent; US\$/b)	82.6	87.5	80.8	74.2	69.1	65.2
Non-oil commodities (measured in US\$)	-15.1	-2.6	-1.5	0.3	1.6	2.3
Financial variables						
US\$ 3-month commercial paper rate (av; %)	5.1	5.1	4.2	3.2	2.5	2.5

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€ 3-month interbank rate (av; %)	3.4	3.5	2.5	1.8	1.8	1.8
US\$:£ (av)	1.24	1.24	1.24	1.29	1.30	1.31
US\$:€ (av)	1.08	1.09	1.14	1.16	1.17	1.17

Economic growth

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In 2024 easing inflation, strengthening real wage growth and stable interest rates will make for an improving economic context. However, this will not translate into a significant pick-up in activity; we expect the UK to record the second-slowest growth rate in the G7 group of large economies, at 0.4%—slower than Italy and not much faster than Germany. Disposable incomes remain constrained by still-high costs for staples such as energy and food, and by higher mortgage-servicing costs as more homeowners shift from fixed-rate mortgages (which typically last between two and five years) to higher rates. We expect gross fixed capital formation to contract in 2024 as uncertainty in the run-up to the general election constrains investment spending.

The external sector will also not be supportive for economic growth, with lacklustre global growth continuing to limit export demand. The loss of frictionless access to the EU market limits the competitiveness of UK manufacturing (which accounts for 9.7% of gross value added). Border-check documentation requirements on plants, animals and food products coming from the EU commenced on January 31st after multiple delays. The extra bureaucracy for importers is likely to result in supply-side disruptions, and will push up prices. The final stage of the phase-in,

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including physical checks (and probably some short-term disruption), is expected on October 31st. For some firms, these will make UK-EU cross-border activity no longer profitable.

We expect real GDP growth to strengthen to 1.3% in 2025 as monetary policy loosens and political uncertainty declines. We forecast an annual average growth rate of 1.5% in 2026-28. We expect services to continue to dominate the economy (accounting for about 80% of GDP—a comparatively high share among advanced economies), and we forecast that this sector will grow slightly more rapidly than industry (which accounts for about 20% of GDP) and agriculture (less than 1%). Hospitality, business services, retail trade and finance will remain the largest services sectors, and will post firmer growth rates from 2025 as cost-of-living pressures start to ease.

Structural limitations—such as a low investment rate and poor productivity, significant skills gaps, high regional inequalities, and trade barriers created by Brexit—weaken the UK’s medium-term growth potential. However, there are some upside risks for growth in the medium term, especially if stringent planning regulations are reformed under a Labour government, which could boost construction, or if greater liberalisation of trade with the EU boosts the external sector.

Economic growth

%	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
GDP	0.1	0.4	1.3	1.6	1.5	1.5
Private consumption	0.1	0.4	1.6	1.7	1.7	1.6
Government consumption	0.5	2.0	1.6	1.5	1.5	1.6
Gross fixed investment	2.2	-0.7	1.5	2.0	2.1	2.1
Exports of goods & services	-0.5	0.3	2.7	2.0	2.3	2.2
Imports of goods & services	-1.5	0.4	3.6	2.4	2.8	2.7
Domestic demand	-0.1	0.4	1.7	1.7	1.8	1.7

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Agriculture	0.0	1.6	0.4	0.7	0.6	0.6
Industry	0.4	0.5	0.4	1.5	1.6	1.5
Services	0.3	0.3	1.5	1.6	1.5	1.5

^a Actual. ^b EIU forecasts.

Inflation

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We forecast that annual inflation will reach the BoE’s 2% target in the first half of next year, averaging 2% in 2025, following 2.6% this year. Disinflation is primarily being driven by declines in food and energy costs, and a modest slackening in the labour market, constraining wage growth. This will keep a cap on consumer spending and demand-side inflationary pressures. Services prices and second-round effects will be the main drivers of price growth this year. There are upside risks to inflation from shipping disruption in the Red Sea, but our core forecast is that the impact for the UK will be minimal, as shipping costs contribute only a very small share of final consumer prices. We expect inflation to ease to an annual average of 2% in 2026-28.

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Exchange rates

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After closing 2023 at US\$1.27:£1, sterling will remain steady against the US dollar on average in 2024. Sterling's forecast weakness against the dollar in the short term mostly reflects our expectation that the dollar will remain strong, given the continued rapid expansion in the US economy. In full-year average terms we forecast a rate of US\$1.24:£1 in 2024, with sterling appreciating gradually thereafter as easing by the Federal Reserve (the US central bank) moderates the strength of the dollar, to US\$1.31:£1 in 2028. Sterling will weaken against the euro in the first half of the forecast period as UK growth lags the euro area average, but will recover thereafter as UK growth returns to trend, averaging €1.12:£1 in 2026-28.

External sector

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The UK will continue to run a persistent current-account deficit in 2024-28, as it has done since 1985, as a large merchandise trade deficit offsets a smaller surplus on the services account. Government efforts to foster trading relations with other non-EU markets will fail to offset the loss of the preferential trading terms that the UK enjoyed when it was part of the EU. Lower import prices will prevent a sharp widening of the trade deficit in 2024-25, but

over the medium term, higher trade barriers will worsen the UK’s competitiveness. We expect the current-account deficit to remain substantial throughout our forecast period, averaging about 3% of GDP.

Country forecast overview: Business environment rankings

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Value of index ^a		Global rank ^b		Regional rank ^c	
2019-23	2024-28	2019-23	2024-28	2019-23	2024-28
7.86	7.91	15	18	9	10

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

- The UK’s score in EIU’s business environment rankings improves slightly, from 7.86 in the historical period (2019-23) to 7.91 for the forecast period (2024-28). However, owing to faster improvements elsewhere, its global ranking deteriorates from 15th to 18th (out of 82). At a regional level, the UK drops one place, to tenth (out of 18). The UK’s better score reflects improved political stability, as the political turbulence of the Brexit years has now eased, as well as a better macroeconomic context, and improvements in financing, infrastructure and market opportunities. However, a faster improvement in the score was prevented by a deterioration in technological readiness and a rising tax burden.

Business environment at a glance

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Policy towards private enterprise and competition

2024-25: Greater state intervention in utilities and rail under a Labour government after the 2024 election.

2026-28: New state aid rules are implemented. Potential for further state intervention as 2029 election approaches and Labour appeals to its base.

Policy towards foreign investment

2024-25: Continued openness to investment, but increased scrutiny in sectors considered sensitive to national security, especially under a Labour government. Further crackdown on Russian and Chinese investment.

2026-28: Infrastructure plans offer investment opportunities, but UK remains less attractive to investors than it once was.

Foreign trade and exchange controls

2024-25: Increased trade barriers with EU persist, alongside growing regulatory divergence. Sanctions imposed on Russian exports remain in place. Accession to Comprehensive and Progressive Agreement for Trans-Pacific Partnership trade bloc.

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2026-28: UK-EU relationship improves, resulting in some reduction of frictions. New trade agreements with other countries.

Taxes

2024-25: Focus on fiscal consolidation. Freezing of income- and inheritance-tax bands leads to real terms tax rises.

2026-28: Continued focus on fiscal consolidation. Any rise in spending under Labour to be muted. Tax rises are likely to fund public spending, investment and social care.

Financing

2024-25: With policy interest rates falling gradually from mid-2024, commercial lending rates for businesses will start to ease. Slow progress in establishing equivalence with the EU.

2024-28: Modest decline in City of London's status. Steady growth in alternative forms of debt-financing.

The labour market

2024-25: Short-term rise in unemployment in 2024, but labour market remains tight. Shortages in low-skilled occupations continue, made worse by tighter immigration rules.

2026-28: Addition of more low-wage sectors to shortage lists could be complicated by hardening attitudes to migration.

Infrastructure

One-click report : United Kingdom ,October 2nd 2024

2024-25: Spending on housing, transport and energy. Offshore oil and gas exploration expansion under threat under Labour, potentially reducing activity in the North Sea.

2026-28: Increased investment with emphasis on boosting competitiveness; new nuclear reactor to come on line in 2026.

Technological readiness

2024-25: High e-commerce penetration and strong research base. Modest positive impact from the Advanced Research and Invention Agency, a "blue skies" fund, which opened in 2023.

2026-28: Modest rise in public R&D spending. Continued high threat from cybercrime and cyber-espionage.

Market opportunities: Social indicators and living standards

United Kingdom | Business | Market opportunities | Social indicators and living standards

May 8th 2024

Social indicators and living standards

	2023		2028	
	Europe (av) ^a		Europe (av) ^a	
Health				
Healthcare spending (% of GDP)	10.9	9.7	10.8	9.8
Healthcare spending (US\$ per head)	5,376	3,142	7,023	4,083

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Infant mortality rate (per 1,000 live births)	3.8	6.0	3.6	5.4
Physicians (per 1,000 population)	3.2	3.7	3.4	3.8
Food and beverages				
Food, beverages & tobacco (% of household spending)	11.9	19.2	11.4	18.4
Meat consumption (kg per person)	81.8	72.6	80.2	75.0
Milk consumption (litres per person)	223.0	219.0	245.0	235.0
Coffee & tea consumption (kg per person)	3.3	4.5	3.6	5.0
Consumer goods in use (per 1,000 population)				
Passenger cars	559	438	566	444
Telephone main lines	440	268	444	247
Mobile phone subscribers	1,230	1,300	1,280	1,350
Television sets	1,216	920	1,286	1,047
Personal computers	833	778	793	801
Households				
No. of households (m)	28.4	335.2	29.1	342.6
No. of people per household (av)	2.4	2.4	2.4	2.4
Income and income distribution				
Median household income (US\$)	62,670	43,220	80,590	54,340
Average monthly wage (US\$)	4,700	2,620	6,080	3,350
Gini index	32.4 ^b	–	–	–

One-click report : United Kingdom ,October 2nd 2024

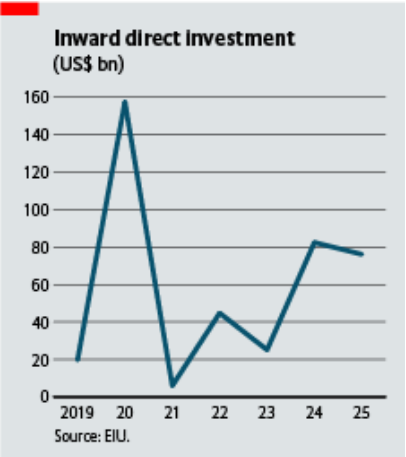
^a Austria, Azerbaijan, Belgium, Bulgaria ,Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom. ^b Latest available year.

Sources: UN Statistics Division; World Bank; Food and Agriculture Organisation; Euromonitor; World Health Organisation; national statistical offices; International Telecommunication Union; EIU estimates and forecasts.

Global position

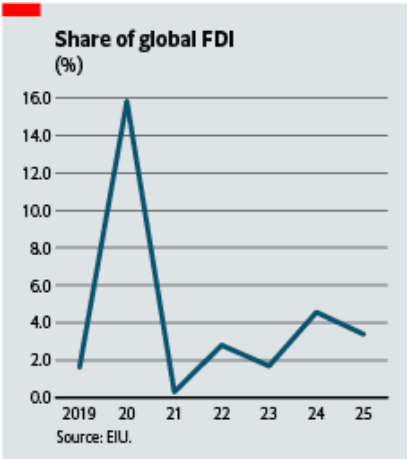
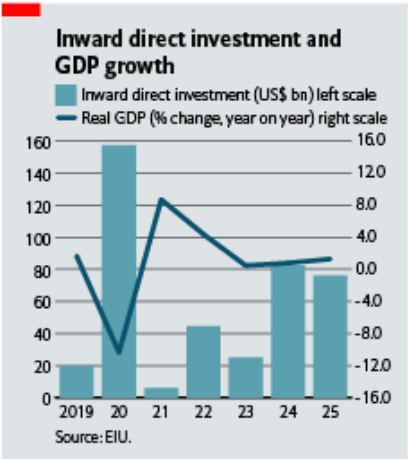
United Kingdom | Regulation | Global position

December 1st 2023



One-click report : United Kingdom ,October 2nd 2024

The outlook for the UK has become much more uncertain following the 2016 referendum vote to leave the EU. The UK departed the bloc in early 2020, entering a transition period that lasted until the end of that year, during which the UK retained most aspects of EU membership. An EU-UK Trade and Co-operation Agreement came into force in 2021, providing for zero-tariff, zero-quota trade between the UK and the EU. However, leaving the EU single market and customs union has created a variety of nontariff trade barriers. The coronavirus (covid-19) pandemic compounded an already uncertain outlook during 2020–21, as did Russia’s invasion of Ukraine in February 2022. Frequent changes at the top of the British government during the second half of 2022, taking place against a backdrop of challenging economic conditions, disrupted policymaking. The UK will hold a general election in 2024 or, at the latest, by January 2025, which will weigh heavily on government decision-making during the lead up to the poll. Nevertheless, the UK still has much to offer as an investment destination. Existing clusters and economies of scale in sectors such as pharmaceuticals, biotechnology, software development and financial services will remain powerful magnets for foreign entrants, while significant potential exists for large-scale, long-term investments in the energy, communications and transport sectors.



Regulatory/market assessment

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

December 1st 2023

- In September 2023 the prime minister, Rishi Sunak, announced a watering down of some the UK's environmental targets. This includes delaying a ban on sales of new petrol and diesel vehicles to 2035, exemptions for the requirement that UK households replace gas boilers with electric heat pumps and scrapping energy-efficiency targets for the residential sector. However, the changes will have only a minor impact on the UK's net-zero aims.
- With effect from April 1st 2023, the hourly minimum wage stands at £10.42 for workers aged 23 and over, £10.18 for those aged 21–22, £7.49 for those aged 18–20 and £5.28 for those aged 16–17. For apprentices, the hourly rate is £5.28.
- Effective from April 2023, the government increased the corporate income tax rate from 19% to 25% for companies with annual profits over £250,000. The 19% rate was retained for companies with annual profits of £50,000 or less. Marginal relief is available on profits between £50,000 and £250,000.
- In February 2023 the UK reached an agreement with the EU to address the long-running dispute over Northern Ireland. In effect since October 2023, the Windsor Framework reduces the number of checks on goods travelling from the rest of the UK to Northern Ireland and creates a “Stormont brake” allowing members of the Northern Ireland Assembly to block EU legislation from taking effect in Northern Ireland, among other measures.

One-click report : United Kingdom ,October 2nd 2024

- In July 2023 the UK signed the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a mega-regional trade deal. The UK's accession remained subject to ratification as of end-November 2023; the government expects the agreement to enter into force in the second half of 2024.
- In October 2023 the Online Safety Act received final approval. The new law places duties of care on providers of online content-sharing platforms such as Facebook and YouTube (both US), requiring them to remove illegal and harmful content. The law also grants powers to Ofcom, the telecoms regulator, to fine companies and block access to sites.

Regulatory/market watch

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

December 1st 2023

- Despite major fractures within the ruling Conservative Party, Rishi Sunak is likely to remain prime minister until the next general election, which EIU expects to be held in late 2024. We expect the centre-left opposition Labour party to win the election with a small working majority, amid deep public discontent about the country's poor economic performance and state of public services.
- Since the outbreak of the Russia-Ukraine war, the government has announced a series of measures to cushion workers and businesses against surging energy prices. These include cash transfers, discounts on energy bills, and an Energy Price Guarantee that reduces the unit cost of electricity and gas if prices rise above an agreed threshold, among others.

One-click report : United Kingdom ,October 2nd 2024

- The UK has introduced a number of import restrictions on Russian goods following Russia's invasion of Ukraine. These include bans on the import of Russian oil, liquefied natural gas and iron and steel products. The UK has also banned the export of various goods to Russia, including aviation and space-related goods and technology, and high-end luxury goods.
- In March 2023 a new version of the Data Protection and Digital Information Bill, aimed at amending the UK's data-protection framework, was introduced to Parliament after the original version was paused in September 2022. The current version looks to make the EU's General Data Protection Regulation regime easier to navigate.
- In 2021 the UK was among the nearly 140 countries that endorsed the OECD global tax deal. The agreement aims to introduce sweeping changes to international tax rules, including a 15% minimum corporate tax and provisions to tax large companies based on where their goods and services are sold. Implementation is scheduled for 2025 but will likely take longer.

Long-term outlook: The long-term outlook

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

May 8th 2024

	2024-30	2031-50	2024-50
Population and labour force (% change; annual av)			
Total population	0.30	0.18	0.21
Working-age population	0.13	-0.10	-0.04
Working-age minus total population	-0.17	-0.28	-0.25
Labour force	0.07	0.26	0.21
Growth and productivity (% change; annual av)			
Growth of real GDP per head	1.0	1.3	1.2
Growth of real GDP	1.3	1.5	1.4
Labour productivity growth	1.2	1.2	1.2
Growth of capital stock	2.3	2.6	2.5
Total factor productivity growth	0.8	0.4	0.5

Initial conditions: The immediate economic outlook is weak as private consumption remains constrained by high (albeit easing) inflation, corporates face elevated debt-servicing costs from high interest rates, and trade frictions from Brexit and supply-chain disruption depress export-oriented industries. Despite securing the Trade and Co-operation Agreement with the EU, the UK may diverge in some areas of regulation, particularly in technology and life sciences, while non-tariff barriers put UK firms at a competitive disadvantage within the European single market.

One-click report : United Kingdom ,October 2nd 2024

The UK's prospects for growth in the medium term will be highly dependent on government policy formulation in response to these challenges. Both major parties have signalled a willingness to pursue a more interventionist strategy in the economy and provide more public investment, in an effort to address the UK's regional inequality and weak productivity growth. The Conservative government has increased its threshold for borrowing for investment from 2% of GDP to 3%, established a national infrastructure bank in addition to the pre-existing British Business Bank, and invested £800m (US\$1bn) into the Advanced Research and Invention Agency (ARIA), a "blue skies," fund to support innovative research.

The UK's structural advantages have traditionally included a comparatively low regulatory burden, a flexible labour market and a business environment that is conducive to foreign investment, which EIU expects to persist. On the negative side, factors that tend to constrain the UK's long-term outlook include an 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, as well as playing an increasing role in policy debates.

Demographic trends: The working-age population is forecast to rise gradually in 2024-30, but will gradually shrink after then. The share of the population aged 65 or over will continue to increase in the coming decades. We forecast that by 2050 the share of the working-age population will be 59.2%, down from 63.5% in 2020. The labour force participation rate stands at nearly 80%—higher than the OECD average, and this will probably increase in 2024-50 as the pool of working-age people declines. We expect migration to continue to provide a key source of population and human capital growth. However, growing resistance to immigration threatens this outlook and could hasten demographic challenges if immigration is drastically reduced in the years ahead. Most countries that operate skills-based immigration systems adjust their requirements periodically, a trend that we expect the UK to follow.

One-click report : United Kingdom ,October 2nd 2024

External conditions: The UK is a highly trade-dependent economy, and thus its departure from the world's largest trading bloc will continue to have implications for its long-term prospects. Despite the UK leaving the single market, the EU is likely to remain the UK's most important export destination, particularly for goods trade, given its proximity and the volume of existing trade. The total estimated value of any non-EU trade deals negotiated will not make up for the loss of access to the EU market. The importance of the EU market means that some degree of re-liberalisation of trade is likely, particularly under a Labour government from late 2024, but rejoining the single market or customs union remains politically unlikely owing to the unwillingness of politicians to revisit the divisive Brexit issue.

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

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

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. The UK's ability to increase its productivity will be the determining factor behind long-term growth potential. A number of factors have been cited as possible causes for the UK's persistent productivity gap with its peers. These include a high degree of centralisation of the economy around London; the UK's relatively low share of spending on research and development (R&D) outside the south-east; the dominance of the volatile financial services sector; and reliance on

One-click report : United Kingdom ,October 2nd 2024

low-skilled immigration. Successive governments have tried to address the productivity issue, including the current government, which has committed to an increase in public investment to stimulate R&D, a shift in emphasis towards skilled immigration and supporting investment outside London. Whether these plans will boost productivity remains highly uncertain. We forecast that real GDP will grow by an annual average of 1.3% in 2024-30 and stabilise at 1.5% in 2031-50.

Income and market size

	2023	2030	2050
Income and market size			
Population (m)	67.7	69.2	71.7
GDP (US\$ bn at market exchange rates)	3,342.5	4,347.8	7,499.8
GDP per head (US\$ at market exchange rates)	49,350	62,850	104,620
Private consumption (US\$ bn)	2,066.5	2,728.8	4,526.9
Private consumption per head (US\$)	30,510	39,450	63,150
GDP (US\$ bn at PPP)	3,927.6	4,999.1	9,174.2
GDP per head (US\$ at PPP)	57,980	72,270	127,980
Exports of goods & services (US\$ bn)	1,075.4	1,478.5	3,098.3
Imports of goods & services (US\$ bn)	1,116.9	1,557.0	3,170.1
Memorandum items			
GDP per head (at PPP; index, US=100)	72.1	69.8	69.4
Share of world population (%)	0.9	0.8	0.8
Share of world GDP (% at market exchange rates)	3.2	3.0	2.0

One-click report : United Kingdom ,October 2nd 2024

Share of world GDP (% at PPP)	2.2	2.0	1.6
Share of world exports of goods & services (%)	3.5	3.4	2.4

Automotive

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

April 4th 2024

- The UK’s automotive industry is in gradual structural decline. It is an integral part of the manufacturing sector, comprising 10% of goods exports, but vehicle production has fallen significantly since 2016 and prospects appear relatively unfavourable. This reflects various factors: the UK’s gradual relative economic decline and deteriorating competitiveness over the past decade; the damaging effects of Brexit on trade openness and investor sentiment; limited fiscal space; comparatively high energy costs; and the sluggish development of domestic electric vehicle (EV) battery manufacturing capacity, amid a general apathy by successive UK governments towards industrial policy.
- In 2023 the UK was the world’s 17th-largest vehicle producer and the sixth largest in Europe, according to the International Organisation of Motor Vehicle Manufacturers (OICA). Vehicle output fell for six consecutive years between 2017 and 2022, collapsing from a peak of 1.82m units in 2016 to a 40-year low of 876,614. Improving global supply conditions drove a moderate rebound in 2023 (to 1.03m units), but at best there will be only limited further gains over EIU’s five-year forecast period to 2028.
- Production facilities of the UK’s five mass vehicle manufacturers (all foreign-owned) are of a good quality and are transitioning towards higher EV output. Since late 2022 a firming of investment plans has seemingly safeguarded

One-click report : United Kingdom ,October 2nd 2024

near-term production. However, medium-term prospects are less secure, amid an increasingly competitive global automotive sector, ramped-up state subsidies (in the US, the EU and Asia) and with the UK lagging most peer countries in developing large-scale battery-production facilities (gigafactories). Nissan (Japan) plans to expand the UK’s only current gigafactory from late 2024, with a Jaguar Land Rover (UK; owned by Tata Motors of India) plant scheduled from 2026 and another Nissan facility under consideration. A major scaling-up of capacity is required.



- The new-car market has also weakened significantly from a peak in 2016, with annual sales falling in five of the past seven years and slumping to a 30-year low of 1.61m units in 2022, according to the Society of Motor Manufacturers and Traders (SMMT). This was down from 2.7m in 2016 and an average of 2.3m in 2010-19. Recovering supply chains and vehicle stocks drove a countercyclical upturn in new registrations in 2023—up by 17% to 1.9m—as manufacturers fulfilled outstanding orders built up over the pandemic. Growth was driven entirely by fleet demand, amid flat private sales.
- Underlying conditions in the UK economy are forecast to improve slightly over 2024, as lower inflation and interest rates deliver modest relief to households’ purchasing power. We forecast annual new-car sales growth of 6%, driven

One-click report : United Kingdom ,October 2nd 2024

by fleet demand. Economic activity, household income trends and sentiment will remain subdued, amid materially higher living costs, a rising tax burden and deteriorating public services, with little expectation of a strong revival in new-car sales. We forecast a compound annual growth rate (CAGR) of 4% in 2024-28, with annual sales remaining below 2010-19 levels.

- Chargeable EVs' share of new-car sales rose slightly in 2023 to 24%, from 22.8% in 2022. A new zero-emission vehicle (ZEV) mandate applies in the UK from 2024, stipulating annual EV sales targets for manufacturers. EVs' share of new-car sales will continue to rise, but meeting ZEV targets will be challenging, as affordability issues and limitations of charging infrastructure will continue to restrain uptake among private buyers (among whom the EV share was just 9% of sales in 2023). There are tax incentives to encourage fleet EV sales, but no subsidies for private buyers since the expiry of an EV grant scheme in 2022.
- The UK left the EU single market and customs union in 2021, having agreed a limited Trade and Co-operation Agreement (TCA) with the bloc. This allowed for quota-free trade but still represented a "hard Brexit", imposing significant trade frictions with its main trading region and disrupting integrated supply chains. EU-UK relations are improving gradually as economic realities force a more conciliatory UK stance, but Brexit has structurally weakened the UK's trade links and investment appeal. "Rules of origin" requirements under the TCA had implied a 10% tariff being imposed on UK-EU trade in EVs from 2024, but in December 2023 both parties agreed a three-year deferral to 2027.

Consumer goods

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

May 24th 2024

- Household spending accounts for about two-thirds of the UK's annual GDP, a similar share to the US and the largest of all major European economies. An increase of 10% in the national minimum wage and a reduction in a statutory energy-price cap should provide mild support to consumer spending in 2024-25 after a tough 2022-23. However, economic activity, retail demand and consumer sentiment will remain fairly subdued owing to structurally higher living costs, a near-record-high tax burden, large income inequality across the population, increasingly unaffordable housing and the poor state of public services continuing to hold back any significant rebound in discretionary consumer spending, which will keep retail sales growth muted in 2024 after two consecutive years of negative retail volume growth.
- Retail is an important economic contributor, comprising 5% of GDP and employing 2.9m people. The food and drink industry is the single largest manufacturing sector, accounting for 1.3% of GDP. Household income per head is relatively high, but this masks large income inequality across the UK population. Low-income households, which tend to have a high marginal propensity to consume, are poorer on average than in most west European countries. Average real wages have stagnated since the mid-2000s. This has contributed to a gradual deterioration in living standards, which is likely to continue for a majority of households over 2024-28
- The UK will remain Europe's largest online retail market. After subdued growth in 2022-23, EIU expects online retail to strengthen gradually over the forecast period, lifting the online share of retail sales to 28.2% by 2028 (up from 17.5% in 2019). Online grocery retail penetration is higher than in most peer countries.

One-click report : United Kingdom ,October 2nd 2024

- Strained post-Brexit EU-UK relations are slowly improving as economic realities force a more conciliatory UK stance. This will likely gather momentum if, as expected, the opposition Labour Party wins the next general election (scheduled for July 4th). One area of focus will probably be harmonising veterinary standards with the EU, which would bolster UK agri-food exports. Overall, however, Brexit will remain a drag on the economy, trade competitiveness and living standards over 2024-28.
- After repeated UK delays, post-Brexit border controls on animal and plant products imported from the EU are being phased in over 2024, with a second stage taking effect from May 1st and a third phase scheduled for October 31st. The border checks will introduce additional bureaucracy and lengthen supply timelines, pushing up costs across the food and hospitality industries that are likely to be passed on to retail prices.

Retail sales

	2019 ^a	2020 ^b	2021 ^b	2022 ^b	2023 ^b	2024 ^c	2025 ^c	2026 ^c	2027 ^c	2028 ^c
Retail sales (£ bn)	425.1	433.7	450.7	471.1	488.6	505.1	520.3	534.7	550.2	566.3
Retail sales (US\$ bn)	543.0	556.7	620.2	583.0	607.7	631.5	660.4	695.2	720.7	747.5
Retail sales, volume growth (%)	2.4	1.0	1.4	-3.1	-2.9	0.7	1.0	0.8	0.9	1.0
Retail sales, US\$ value growth (%)	-0.4	2.5	11.4	-6.0	4.2	3.9	4.6	5.3	3.7	3.7
Non-food retail sales (US\$ bn)	295.2	295.4 ^a	338.7	309.3	319.2	330.3	345.4	364.4	378.9	393.3
Food retail sales (US\$ bn)	247.7	261.3	281.5	273.7	288.5	301.2	315.0	330.8	341.8	354.2
Consumer price inflation (av; %)	1.7	1.0 ^a	2.5 ^a	7.9 ^a	6.8 ^a	2.6	2.0	2.0	2.0	1.9

^a Actual. ^b EIU estimates. ^c EIU forecasts.

Sources: Flywheel Retail Insights; EIU.

Energy

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

March 15th 2024

- In a continuation of what is now a long-running trend as the economy becomes less energy intensive, UK energy consumption is set to decline in 2024. Weak economic growth and elevated energy prices will also pull down energy demand. Over EIU's forecast period (2024-33) energy demand will continue to fall as energy efficiency gains completely offset rising demand driven by economic growth. We forecast that real GDP will grow at an annual rate of 1.5% in that period.
- We expect oil demand to expand marginally in 2024, as increased consumption in the aviation sector offsets reduced demand from motorists. We forecast that oil consumption will decline sharply during the second half of the decade, as a ban on the sale of new petrol and diesel cars set for 2035 looms closer.
- We expect natural gas consumption to grow slowly in 2024 as slow economic growth does not provide much support. We forecast that demand will fall almost every year over our forecast period, as consumption in the industrial, residential and power generation sectors declines.
- Coal demand is set to decline sharply in 2024, owing to the planned phase-out of coal use in power generation by year-end. Coal consumption will continue to decline during the rest of the forecast period, as the industrial sector, which by then will be the main coal consumer in the UK, reduces its use.
- We expect the share of fossil fuels in total energy demand to decline from 78% in 2023 to 73% in 2033. Natural gas will continue to be the main energy source in the UK over our forecast period.

One-click report : United Kingdom ,October 2nd 2024

- Owing to a sharp increase in wind and solar power, we forecast that the share of non-hydro renewables (without considering biomass) in power generation will rise from 33% in 2023 to 59% in 2033. By the end of the forecast period, wind power will be the largest source of electricity, followed by natural gas and nuclear energy.

Energy: key indicators

	2022 ^a	2023 ^b	2024 ^c	2025 ^c	2026 ^c	2027 ^c	2028 ^c	2033 ^c
GDP (US\$ bn at market exchange rates)	3,101	3,346	3,561	3,746	3,879	4,049	4,224	4,888
Real GDP (% change, year on year)	4.3	0.1	0.4	1.3	1.7	1.6	1.5	1.7
Population (m)	67.5	67.7	68.0	68.2	68.4	68.6	68.8	69.7
Population (% change, year on year)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Gross domestic energy consumption (ktoe)	153,718 ^b	150,593	149,293	147,129	146,666	145,311	141,239	135,512
Gross domestic energy consumption (% change, year on year)	-3.2 ^b	-2.0	-0.9	-1.4	-0.3	-0.9	-2.8	-1.2

Note. Forecasts for all dates are available via EIU's data tool.

^a Actual. ^b EIU estimates. ^c EIU forecasts.

Sources: EIU; © OECD/IEA 2024 IEA statistics, www.iea.org/data-and-statistics, licence: www.iea.org/t&c.

Financial services

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

April 30th 2024

- The UK has one of the world's best-developed financial industries. The sector suffered a short, sharp shock from the covid-19 pandemic, and the UK's departure from the EU triggered what has proven to be greater and longer-term challenge; trading relationships are still shifting and may affect the sector further. Conditions are likely to remain difficult for financial firms in 2024 amid tepid economic growth and still-high (but slowing) inflation. Higher interest rates are boosting banks' profits, but are causing difficulties for some borrowers, particularly in the housing market.
- 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 2022 it accounted for 9% of gross value added, down from 9.7% at its peak in 2009, according to the Office for National Statistics. In 2023 it employed 1.18m people, or 3.2% of the total workforce, down from 3.7% in 2009. The industry makes a substantial contribution to the balance of payments and tax revenue.
- UK real GDP grew by just 0.1% in 2023 (down sharply from 4.3% growth in 2022 and 8.7% in 2021), reflecting the country's over-reliance on private consumption (which has been heavily affected by falling real wages) to drive growth, as well as the negative effect of Brexit on export competitiveness. EIU expects growth to remain weak in 2024, at 0.4%, picking up to an average of 1.5% a year in 2025-28.
- Rishi Sunak of the ruling Conservative Party became prime minister in October 2022, following the resignations of Boris Johnson and Liz Truss earlier in the year. Mr Sunak has sought to rebuild confidence through a return to more

One-click report : United Kingdom ,October 2nd 2024

conventional economic policies. The next general election must be held by late January 2025. We expect it to take place in late 2024 and for the opposition Labour Party to win a parliamentary majority.

- The UK left the EU on January 31st 2020, and a transition period ended on December 31st 2020. An EU-UK free-trade agreement in December 2020 did not include financial services, but the parties agreed to and implemented some temporary arrangements to reduce disruption to financial markets. The UK granted a designation of regulatory equivalence for many EU financial firms, allowing them to continue to operate in the country. However, the EU did not reciprocate for UK financial firms, except for derivatives clearing houses.
- The government is emphasising the benefits of being able to determine its own priorities for the financial sector. It has begun to reform regulations governing UK markets, starting with changes to stockmarket listing rules. The Financial Services and Markets Act 2023, which opens the way to replacing elements of retained EU law applying to the sector, received royal assent in June 2023.
- The Bank of England (BoE, the central bank) raised interest rates by 25 basis points to 5.25% in August 2023, a cumulative 5.15-percentage-point rise since December 2021. However, it has since left rates unchanged following a slowing of the annual inflation rate, which stood at 3.4% year on year in February 2024. Our view is that the tightening cycle has ended and that rates will start to fall in the second half of 2024.
- 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. Financial firms in the UK must come to terms with the loss of "passporting" (the right of UK-regulated companies to do business in the EU and vice versa).

One-click report : United Kingdom ,October 2nd 2024

Healthcare

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

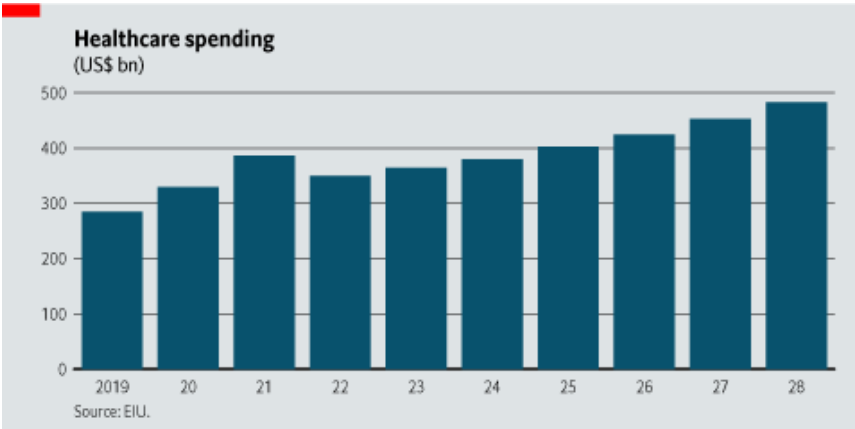
March 23rd 2024

Overview

- The UK's public health expenditure was constrained even before the covid-19 pandemic, amid government-imposed fiscal austerity, soft economic growth and rising demand for health services from an ageing population. The pandemic resulted in further strains, pushing hospital waiting lists for the UK's National Health Service (NHS) to record levels in late 2023 and prompting strikes by healthcare staff. Although the centre-right government, which faces elections within the next nine months, will continue to protect NHS budgets, the UK's public finances are weak. Pressures on the healthcare system will therefore persist throughout EIU's forecast period (2024-28).
- Annual healthcare spending as a share of GDP was stable in the decade to 2020, at nearly 10%, close to the OECD average, but below that of Germany, France, Japan and the US. As in many countries, the ratio jumped in 2020-21 (to a peak of 12.3%), owing to pandemic-related spending and a fall in GDP. The ratio has since trended downwards, to an estimated 10.9% in 2023, when high inflation led to a second consecutive annual decline in real-term spending.
- In the run-up to the election, we do not expect any significant increase in public spending, keeping total health expenditure at an expected 10.6% of GDP in 2024. With a centre-left Labour government forecast to win and inflation set to fall, we forecast that 2025 will bring a return to real spending growth. By 2028 health spending as a share of GDP will rise to 11.4%. This implies a compound annual growth rate (CAGR) of 4.5% over our forecast

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period (2024-28) in nominal local-currency terms (5.8% in US dollar terms). In real terms, growth will average 2.4% per year.



- Private healthcare spending as a share of total health expenditure, which fell to a low of 16.9% in 2020, is forecast to rise gradually to 20% by 2026. This increase will reflect pressures on the NHS and an ongoing shift towards more outsourcing of routine operations and treatments to the private sector. This increase is expected to taper off towards the end of our forecast period.
- The NHS keeps a tight rein on pharmaceutical spending through a voluntary pricing agreement and other measures. Nevertheless, we forecast that pharmaceutical sales will rise at a CAGR of 5% in nominal local-currency terms in 2024-28 amid strong demand.

Funding sources

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

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dental care, with certain exemptions. These fixed charges or co-payments are generally lower in Wales, Scotland and Northern Ireland.

- Public expenditure (including compulsory contributions) accounted for 81.5% of total healthcare spending in 2022, above the OECD average (76%). We expect this share to dip in the early years of our forecast period, to about 80% by 2026, before seeing a slight uptick in 2027-28.

Healthcare expenditure

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^b	2024 ^c	2025 ^c	2026 ^c	2027 ^c	2028 ^c
Healthcare spending (US\$ bn)	284.8	329.3	386.4	349.9	364.2	378.6	401.6	423.5	451.4	481.5
Healthcare spending (£ bn)	222.9	256.5	280.8	282.8	292.8	296.1	308.2	325.8	344.6	364.7
Healthcare spending (% of GDP)	10.0	12.2	12.3	11.3	10.9	10.6	10.7	10.9	11.1	11.4

Spending by source

Public/compulsory spending (US\$ bn)	225.8	273.6	320.9	285.3	294.5	304.7	321.9	338.7	361.7	386.4
Public/compulsory spending (% of total)	79.3	83.1	83.0	81.5	80.9	80.5	80.2	80.0	80.1	80.2
Government schemes (% of public spending)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Social security funds (% of public spending)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private healthcare spending (US\$ bn)	59.0	55.8	65.6	64.6	69.7	73.9	79.7	84.9	89.7	95.1
Private healthcare spending (% of total)	20.7	16.9	17.0	18.5	19.1	19.5	19.8	20.0	19.9	19.8
Out of pocket (% of private spending)	75.7	75.3	74.7	75.4	75.5	75.6	75.7	75.8	75.9	76.0
Voluntary insurance (% of private spending)	24.4	24.7	25.3	24.6	24.5	24.4	24.3	24.2	24.1	24.0
External healthcare spending (US\$ bn)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Actual. ^b EIU estimates. ^c EIU forecasts.

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Sources: US Bureau of the Census; UN; OECD; World Bank; EIU.

- Most NHS funding and commissioning occurs under separate frameworks in the four UK nations, with variations in policies. About 86% of funding goes to NHS England, with Scotland, Wales and Northern Ireland sharing the rest under a formula (the Barnett formula) related to population size.
- The 2021 Health and Care Act reorganised NHS England funding flows from July 2022. It has transferred management from the 191 clinical commissioning groups (CCGs) set up in 2012 to 42 integrated care systems that will co-ordinate care at the regional level. The reforms do not apply in Scotland, Wales or Northern Ireland.

Private health insurance

- Voluntary (or private) spending on healthcare accounted for 18.5% of the UK's total health expenditure in 2022. This was up from a three-decade low of 17% in 2020-21, amid a gradual normalisation of spending patterns following the pandemic. The share of private healthcare spending is forecast to rise to 20% by 2026, before dipping to 19.8% by 2028. We expect private health expenditure to grow at a CAGR of 5.1% in local-currency terms over 2024-28, outpacing public health spending growth.
- Out-of-pocket (OOP) spending accounted for 13.9% of total health spending in 2022, up from 12.7% in 2020-21 but below a 2019 peak of 15.7%. We expect the share of OOP expenditure to edge closer towards this level by the end of the forecast period.
- The private health insurance market was broadly stable in the years preceding the pandemic, reflecting the dominance of the NHS. In 2020 private spending on medical care in hospitals and clinics shrank as the private sector provided resources to the NHS (at cost). Expenditure growth has rebounded strongly since 2021, driven in part by increased NHS outsourcing of medical treatment and surgical procedures to private contractors due to staff shortages and in an effort to reduce elevated backlogs and waiting lists.

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- The leading independent healthcare group is Bupa, with 3.1m UK customers at end-2022. It was boosted by an agreement between Bupa UK and a friendly society, CS Healthcare, to transfer the latter's 17,500 members in January 2021.

Telecommunications

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May 14th 2024

- The UK is ahead of many European countries in 5G deployment, owing largely to a clear policy. The country's largest mobile operators have all launched 5G services, although speed remains below expectations. The government published an updated UK Digital Strategy in June 2022, focusing on technology-led economic growth and productivity. In February 2023 the prime minister, Rishi Sunak, created a new government department for science, innovation and technology, which includes digital responsibilities. The country favours a light-touch approach to regulation, but is stricter on competition.
- Mobile telephony makes up the majority of telecommunications connections in the UK. The mobile penetration rate has levelled off in recent years amid a saturated market. EIU expects a moderate rise over the forecast period to 123.8% in 2028.
- In 2023 there were an estimated 41.9 broadband subscriptions per 100 people, with internet user penetration at an estimated 95.6% of the population. We forecast that this will rise modestly, to 96.4%, by 2028.
- In early 2023 the government launched three proposals. The first was to make the UK a global science and technology superpower by 2030 by encouraging investment in three transformational technologies—artificial

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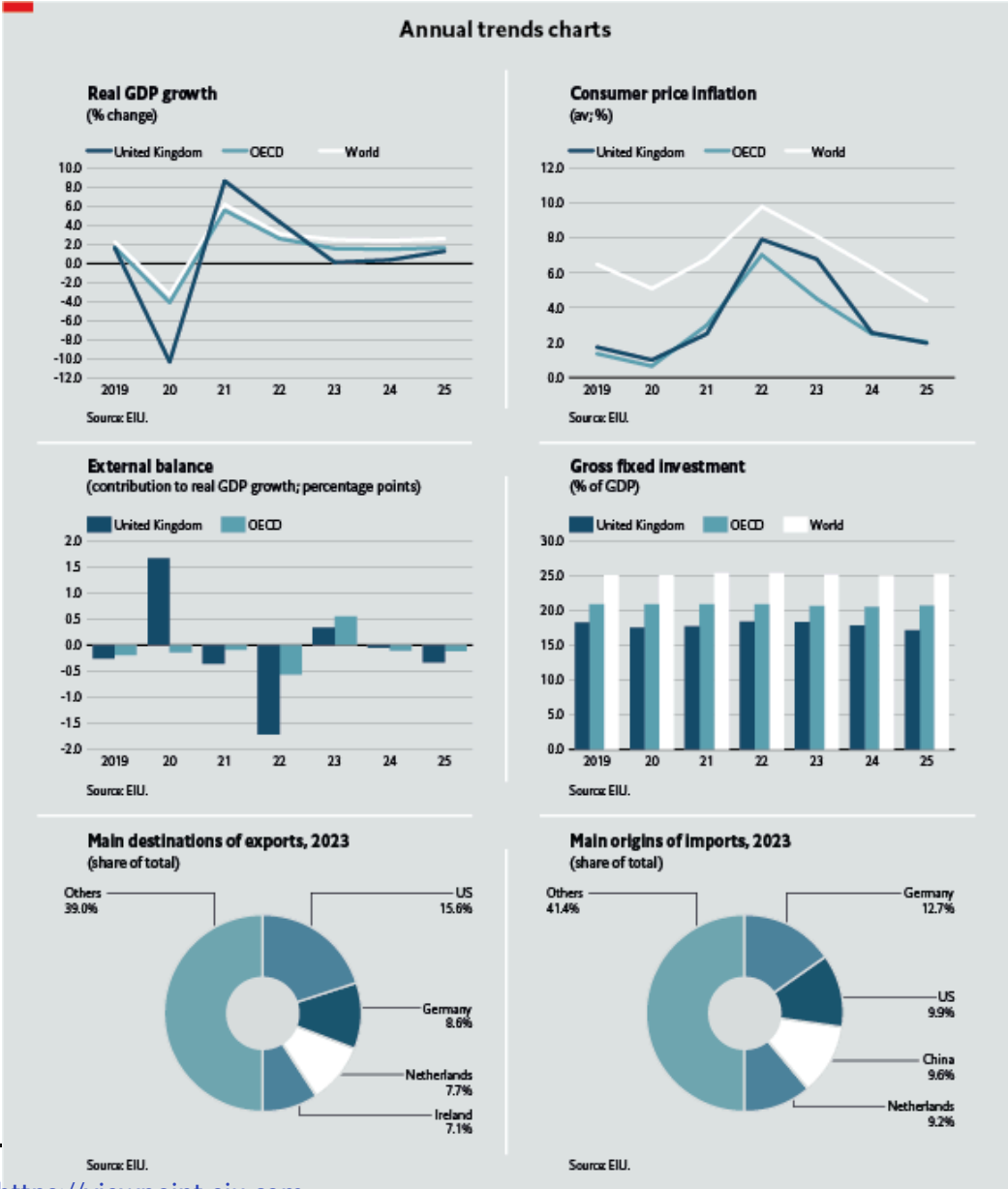
intelligence (AI), quantum computing and engineering biology. The second focused on offering a different version of data protection from that of the EU. The third was the Digital Markets, Competition and Consumers Bill, a piece of legislation looking at tech competition. The UK is light touch when it comes to regulation, to favour innovation, but is strict on competition.

Data and charts: Annual trends charts

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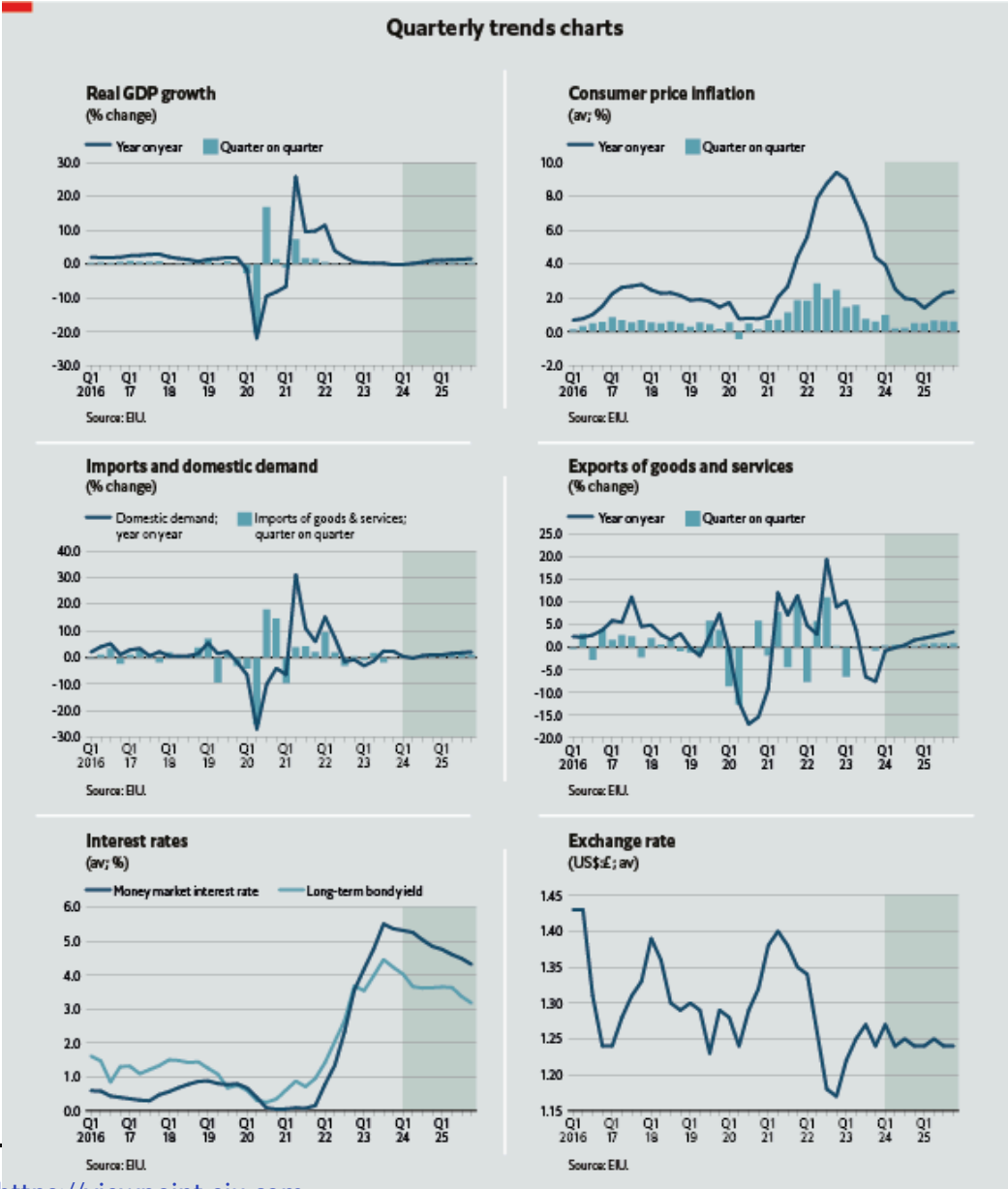
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Data and charts: Quarterly trends charts

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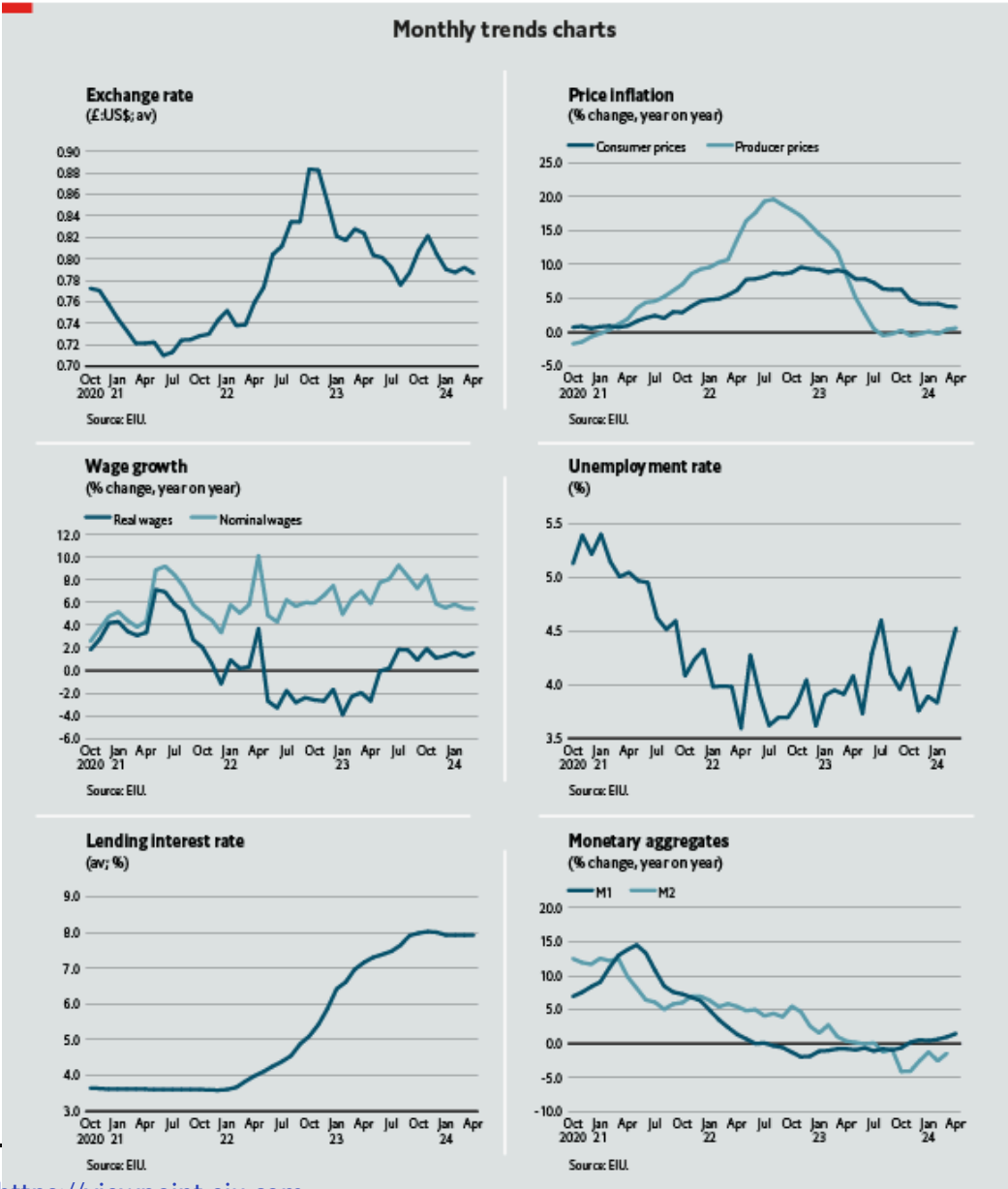
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Data and charts: Monthly trends charts

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Data summary: Gross domestic product, current market prices

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May 8th 2024

Gross domestic product, at current market prices

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Expenditure on GDP (£ bn at current market prices)										
GDP	2,233.9	2,104.3	2,284.1	2,506.0	2,687.2	2,780.2	2,871.3	2,958.8	3,064.0	3,168.4
Private consumption	1,427.9	1,246.1	1,369.3	1,550.3	1,661.3	1,729.9	1,787.1	1,853.5	1,920.4	1,988.8
Government consumption	426.6	475.6	508.7	526.2	557.1	588.4	615.5	643.3	672.5	702.9
Gross fixed investment	406.4	367.5	403.8	459.4	490.9	494.9	491.1	501.0	511.7	522.7
Exports of goods & services	706.7	624.8	676.0	837.8	864.5	887.9	927.8	954.3	994.8	1,037.2
Imports of goods & services	737.9	612.0	679.5	904.6	897.9	921.3	953.6	997.4	1,037.9	1,087.3
Stockbuilding	4.1	2.3	5.7	6.8	-13.9	0.5	3.5	4.0	2.5	4.0
Domestic demand	2,265.1	2,091.5	2,287.6	2,542.7	2,695.5	2,813.6	2,897.1	3,001.8	3,107.1	3,218.5
Expenditure on GDP (US\$ bn at current market prices)										
GDP	2,853.5	2,701.3	3,143.1	3,100.8	3,342.5	3,458.2	3,572.0	3,816.8	3,983.3	4,150.6
Private consumption	1,824.0	1,599.6	1,884.3	1,918.2	2,066.5	2,151.7	2,223.2	2,391.0	2,496.6	2,605.4

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Government consumption	544.9	610.6	700.0	651.1	692.9	731.8	765.6	829.9	874.2	920.9
Gross fixed investment	519.1	471.8	555.7	568.5	610.6	615.6	610.9	646.3	665.2	684.7
Exports of goods & services	902.7	802.1	930.3	1,036.6	1,075.4	1,104.4	1,154.2	1,231.1	1,293.2	1,358.7
Imports of goods & services	942.5	785.6	935.1	1,119.3	1,116.9	1,145.9	1,186.3	1,286.6	1,349.2	1,424.3
Stockbuilding	5.3	2.9	7.8	8.4	-17.2	0.6	4.4	5.2	3.3	5.2
Domestic demand	2,893.3	2,684.8	3,147.9	3,146.2	3,352.8	3,499.7	3,604.1	3,872.3	4,039.3	4,216.2
Economic structure (% of GDP at current market prices)										
Household consumption	63.9	59.2	60.0	61.9	61.8	62.2	62.2	62.6	62.7	62.8
Government consumption	19.1	22.6	22.3	21.0	20.7	21.2	21.4	21.7	21.9	22.2
Gross fixed investment	18.2	17.5	17.7	18.3	18.3	17.8	17.1	16.9	16.7	16.5
Stockbuilding	0.2	0.1	0.2	0.3	-0.5	0.0	0.1	0.1	0.1	0.1
Exports of goods & services	31.6	29.7	29.6	33.4	32.2	31.9	32.3	32.3	32.5	32.7
Imports of goods & services	33.0	29.1	29.8	36.1	33.4	33.1	33.2	33.7	33.9	34.3
Memorandum item										
National savings ratio (%)	15.7	14.7	17.5	15.4	14.5	15.0	14.3	14.2	13.8	13.6

^a Actual. ^b EIU forecasts.

Data summary: Gross domestic product, at constant prices

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May 8th 2024

Gross domestic product, at constant prices

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Real expenditure on GDP (£ bn at 2019 prices)										
GDP	2,233.9	2,002.5	2,176.2	2,270.8	2,273.1	2,281.3	2,310.7	2,347.1	2,383.1	2,419.5
Household consumption	1,427.9	1,238.7	1,330.8	1,396.0	1,398.1	1,403.9	1,426.6	1,450.6	1,474.9	1,499.0
Government consumption	426.6	393.0	451.5	461.7	464.1	473.4	481.0	488.2	495.5	503.4
Gross fixed investment	406.4	362.7	389.7	420.9	430.1	427.2	433.4	442.2	451.7	461.3
Exports of goods & services	706.7	625.6	656.6	715.4	711.8	713.8	733.0	747.5	764.7	781.7
Imports of goods & services	737.9	619.8	657.9	754.0	742.7	746.0	772.7	791.3	813.8	836.1
Stockbuilding (% of GDP)	1.3	2.5	-1.7	19.5	-0.1	0.0	0.5	1.0	1.1	1.2
Domestic demand	2,265.0	1,996.4	2,177.2	2,280.6	2,279.3	2,289.3	2,327.4	2,367.3	2,408.8	2,450.5
Real expenditure on GDP (% change)										
GDP	1.6	-10.4	8.7	4.3	0.1	0.4	1.3	1.6	1.5	1.5
Household consumption	1.1	-13.3	7.4	4.9	0.1	0.4	1.6	1.7	1.7	1.6
Government consumption	4.0	-7.9	14.9	2.3	0.5	2.0	1.6	1.5	1.5	1.6
Gross fixed investment	2.2	-10.8	7.4	8.0	2.2	-0.7	1.5	2.0	2.1	2.1

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Exports of goods & services	2.0	-11.5	4.9	9.0	-0.5	0.3	2.7	2.0	2.3	2.2
Imports of goods & services	2.7	-16.0	6.1	14.6	-1.5	0.4	3.6	2.4	2.8	2.7
Stockbuilding (% contribution to GDP growth)	0.0	0.1	-0.2	1.0	-0.9	0.0	0.0	0.0	0.0	0.0
Domestic demand	1.8	-11.9	9.1	4.7	-0.1	0.4	1.7	1.7	1.8	1.7
Real contribution to GDP growth (% points)										
Private consumption	0.7	-8.5	4.6	3.0	0.1	0.3	1.0	1.0	1.0	1.0
Government consumption	0.7	-1.5	2.9	0.5	0.1	0.4	0.3	0.3	0.3	0.3
Gross fixed investment	0.4	-2.0	1.3	1.4	0.4	-0.1	0.3	0.4	0.4	0.4
External balance	-0.3	1.7	-0.4	-1.7	0.3	-0.1	-0.3	-0.2	-0.2	-0.2
Memorandum items										
Industrial production (% change)	1.7	2.3	-3.9	-3.4	-0.4	1.1	1.7	1.9	1.9	1.8
Real personal disposable income (% change)	2.1	-0.5	1.4	-1.4	2.1	-1.3	1.3	1.6	1.7	1.6

^a Actual. ^b EIU forecasts.

Data summary: Gross domestic product by sector of origin

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May 8th 2024

Gross domestic product by sector of origin

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Origin of GDP (£ bn at constant 2018 prices)										
GDP at factor cost	1,995.7	1,796.9	1,948.3	2,034.1	2,041.1	2,048.4	2,074.9	2,107.5	2,139.8	2,172.5
Agriculture	13.5	12.3	11.4	11.6	11.6	11.8	11.8	11.9	12.0	12.1
Industry	396.7	387.3	387.2	386.1	387.8	389.8	391.3	397.1	403.2	409.4
Services	1,585.5	1,397.3	1,549.7	1,636.4	1,641.7	1,646.9	1,671.8	1,698.6	1,724.6	1,751.1
Origin of GDP (real % change)										
Agriculture	16.8	-9.3	-6.8	1.5	0.0	1.6	0.4	0.7	0.6	0.6
Industry	1.4	-2.4	-0.1	-0.3	0.4	0.5	0.4	1.5	1.6	1.5
Services	1.8	-11.9	10.9	5.6	0.3	0.3	1.5	1.6	1.5	1.5
Origin of GDP (% of factor cost GDP)										
Agriculture	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Industry	19.9	21.6	19.9	19.0	19.0	19.0	18.9	18.8	18.8	18.8

One-click report : United Kingdom ,October 2nd 2024

Services	79.4	77.8	79.5	80.4	80.4	80.4	80.6	80.6	80.6	80.6
Memorandum item										
Industrial production (% change)	1.7	2.3	-3.9	-3.4	-0.4	1.1	1.7	1.9	1.9	1.8

^a Actual. ^b EIU forecasts.

Data summary: Growth and productivity

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

May 8th 2024

Growth and productivity

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Growth and productivity (%)										
Labour productivity growth	0.5	-9.6	8.8	3.0	-0.6	0.3	1.0	1.3	1.2	1.2
Total factor productivity growth	0.0	-10.0	8.2	-1.0	-0.7	0.1	0.9	1.2	1.2	1.1
Growth of capital stock	2.6	0.7	1.6	2.4	2.4	2.0	1.9	1.9	1.9	2.0
Growth of potential GDP	1.4	-1.5	0.9	1.2	0.9	0.8	1.8	2.0	2.0	2.0
Growth of real GDP	1.6 ^c	-10.4 ^c	8.7 ^c	4.3 ^c	0.1 ^c	0.4	1.3	1.6	1.5	1.5
Growth of real GDP per head	1.1 ^c	-10.7 ^c	8.3 ^c	4.0 ^c	-0.2 ^c	0.0	1.0	1.3	1.2	1.2

^a EIU estimates. ^b EIU forecasts. ^c Actual.

Data summary: Economic structure, income and market size

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Economic structure, income and market size](#)

May 8th 2024

Economic structure, income and market size

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Population, income and market size										
Population (m)	66.8	67.1	67.3	67.5	67.7	68.0	68.2	68.4	68.6	68.8
GDP (US\$ bn at market exchange rates)	2,854	2,701	3,143	3,101	3,343	3,458	3,572	3,817	3,983	4,151
GDP per head (US\$ at market exchange rates)	42,731	40,282	46,715	45,932	49,346	50,884	52,390	55,806	58,064	60,328
Private consumption (US\$ bn)	1,824	1,600	1,884	1,918	2,066	2,152	2,223	2,391	2,497	2,605
Private consumption per head (US\$)	27,314	23,854	28,007	28,415	30,507	31,660	32,608	34,959	36,393	37,869
GDP (US\$ bn at PPP)	3,283	2,982	3,389	3,786	3,928	4,052	4,191	4,354	4,523	4,698
GDP per head (US\$ at PPP)	49,166	44,468	50,375	56,075	57,983	59,624	61,463	63,668	65,930	68,280
Personal disposable income (£ bn)	1,453	1,454	1,508	1,603	1,728	1,792	1,846	1,912	1,981	2,052
Personal disposable income (US\$ bn)	1,856	1,866	2,075	1,983	2,149	2,229	2,296	2,467	2,575	2,688
Growth of real disposable income (%)	2.1	-0.5	1.4	-1.5	0.8	0.0	1.3	1.6	1.7	1.6
Memorandum items										
Share of world population (%)	0.88	0.87	0.87	0.86	0.87	0.87	0.87	0.85	0.84	0.84
Share of world GDP (% at market exchange rates)	3.29	3.19	3.27	3.11	3.21	3.16	3.05	3.07	3.04	3.03

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Share of world GDP (% at PPP)	2.43	2.23	2.29	2.31	2.25	2.19	2.16	2.12	2.09	2.05
Share of world exports of goods (%)	2.55	2.37	2.10	2.17	2.13	2.09	2.00	1.99	1.98	1.95

^a Actual. ^b EIU forecasts.

Data summary: Fiscal indicators

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Fiscal indicators

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Fiscal indicators (% of GDP)										
Government expenditure	37.2	49.0	45.0	43.2	43.6	43.4	43.3	43.4	43.3	43.3
Interest ^c	2.2	2.0	2.8	4.3	3.1	3.8	3.8	3.4	2.4	1.6
Non-interest ^c	35.0	47.0	42.2	38.8	40.6	39.7	39.5	40.1	41.0	41.7
Government revenue ^c	35.2	35.8	37.1	38.8	38.0	39.2	39.7	40.4	40.8	41.1
Budget balance ^c	-2.0	-13.2	-7.9	-4.4	-5.6	-4.2	-3.6	-3.0	-2.5	-2.2
Primary balance ^c	0.2	-11.2	-5.1	-0.1	-2.6	-0.5	0.2	0.4	-0.2	-0.6
Government debt ^d	85.7	105.8	105.2	100.4	101.2 ^e	102.0	102.0	102.0	101.0	99.8

^a Actual. ^b EIU forecasts. ^c General government. ^d 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

One-click report : United Kingdom ,October 2nd 2024

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. ^e EIU estimates.

Data summary: Monetary indicators

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May 8th 2024

Monetary indicators

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Monetary indicators										
Exchange rate US\$:£ (av)	1.28	1.28	1.38	1.24	1.24	1.24	1.24	1.29	1.30	1.31
Exchange rate €:£ (av)	1.14	1.12	1.16	1.17	1.15	1.14	1.09	1.12	1.12	1.12
Exchange rate US\$:€ (av)	1.12	1.14	1.18	1.05	1.08	1.09	1.14	1.16	1.17	1.17
Exchange rate €:£ (year-end)	1.18	1.11	1.19	1.13	1.15	1.11	1.08	1.11	1.11	1.12
Real effective exchange rate (av; 2010=100)	98.6	98.8	102.6	101.2	103.7	102.5	99.4	101.7	101.7	102.0
M4 money supply growth (%) ^c	3.8	12.6	6.4	1.6	-1.3	2.7	1.8	2.1	3.4	3.2
Domestic credit growth (%)	4.9	3.1	1.7	1.0	-1.2	2.2	2.3	1.7	3.1	2.9
Purchasing power parity US\$:£ (av)	1.47	1.42	1.48	1.51	1.46	1.46	1.46	1.47	1.48	1.48
3-month £-Libor rate (av; %)	0.8	0.3	0.1	2.0	5.0	5.1	4.5	3.7	3.2	3.0

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10-year government bond yield (av; %)	0.9	0.4	0.8	2.4	4.1	3.7	3.5	3.3	3.2	3.1
Bank of England base rate (%; end-period)	0.75	0.10	0.25	3.50	5.25	4.50	4.25	3.50	3.00	3.00
Lending rate (%; average mortgage SVR from UK MFIs)	4.3	3.8	3.6	4.7	7.5	7.9	7.3	6.2	5.2	5.2
Deposit rate (av; %)	0.9	0.4	0.2	2.1	5.0	5.2	4.9	4.2	3.3	3.3

^a Actual. ^b EIU 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](#)

May 8th 2024

Employment, wages and prices

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
The labour market (av)										
Labour force (m)	34.2	34.1	34.1	34.2	34.6	34.6	34.7	34.7	34.8	34.9
Labour force (% change)	0.9	-0.1	-0.2	0.5	0.9	0.0	0.4	0.2	0.3	0.2
Employment (m)	32.8	32.5	32.5	32.9	33.2	33.2	33.3	33.4	33.5	33.6
Employment (% change)	1.1	-0.9	-0.1	1.3	0.7	0.1	0.3	0.3	0.3	0.3

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Unemployment (m)	1.3	1.6	1.6	1.3	1.4	1.4	1.4	1.4	1.3	1.3
Unemployment rate (%; EU/OECD standardised measure)	3.9	4.7	4.6	3.9	4.0	3.9	4.0	3.9	3.9	3.8
Wage and price inflation (% except labour costs per hour)										
GDP deflator	2.1	5.1	-0.1	5.1	7.1	3.1	2.0	1.4	2.0	1.8
Consumer prices (av; CPIH measure)	1.7	1.0	2.5	7.9	6.8	2.6	2.0	2.0	2.0	1.9
Producer prices (av)	1.4	-1.0	5.2	16.0	3.2	1.2	0.9	1.9	2.0	2.0
GDP deflator (av)	2.1	5.1	-0.1	5.1	7.1	3.1	2.0	1.4	2.0	1.8
Private consumption deflator (av)	1.5	0.6	2.3	7.9	7.0	3.7	1.7	2.0	1.9	1.9
Government consumption deflator (av)	2.8	21.0	-6.9	1.2	5.3	3.5	3.0	3.0	3.0	2.9
Fixed investment deflator (av)	2.7	1.3	2.3	5.3	4.6	1.5	-2.2	0.0	0.0	0.0
Average nominal wages (av)	3.4	1.8	5.9	6.1	7.1	3.3	2.6	2.8	2.8	2.7
Average real wages (av)	1.7	0.8	3.3	-1.7	0.3	0.8	0.7	0.8	0.8	0.8
Unit labour costs (£-based; av)	2.7	12.3	-2.8	2.9	7.3	3.1	1.6	2.0	2.1	2.0
Unit labour costs (US\$-based)	-1.8	12.9	4.1	-7.5	7.9	3.1	1.6	5.8	2.9	2.8
Labour costs per hour (£)	23.5 ^c	23.9 ^c	25.3 ^c	26.8 ^c	28.8 ^c	29.7	30.5	31.4	32.2	33.1
Labour costs per hour (US\$)	30.0 ^c	30.7 ^c	34.8 ^c	33.2 ^c	35.8 ^c	37.0	37.9	40.5	41.9	43.4

^a Actual. ^b EIU forecasts. ^c EIU estimates.

Data summary: Current account and terms of trade

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May 8th 2024

Current account and terms of trade

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Current account (US\$ bn)										
Current-account balance	-76.6	-78.3	-14.9	-100.5	-110.4	-97.5	-104.0	-109.0	-118.8	-124.3
Current-account balance (% of GDP)	-2.7	-2.9	-0.5	-3.2	-3.3	-2.8	-2.9	-2.9	-3.0	-3.0
Goods: exports fob	470.2	403.5	455.3	522.2	490.5	495.0	505.0	530.3	554.5	572.7
Goods: imports fob	-655.7	-568.4	-679.9	-794.0	-722.4	-735.4	-748.4	-816.0	-849.8	-897.2
Trade balance	-185.4	-164.9	-224.6	-271.6	-232.0	-240.3	-243.4	-285.7	-295.3	-324.5
Services: credit	431.9	398.6	473.8	506.5	584.2	608.7	648.5	700.4	738.5	786.0
Services: debit	-286.4	-218.5	-254.0	-321.6	-394.0	-412.4	-451.1	-472.1	-500.2	-525.2
Services balance	145.5	180.1	219.8	184.9	190.2	196.3	197.4	228.3	238.3	260.8
Primary income: credit	291.7	176.6	293.7	349.6	468.3	535.1	574.3	611.4	710.2	826.6
Primary income: debit	-294.3	-233.4	-276.6	-335.3	-511.7	-564.3	-607.2	-638.0	-748.1	-864.6
Primary income balance	-2.6	-56.8	17.1	14.3	-43.4	-29.2	-32.9	-26.7	-38.0	-38.0
Secondary income: credit	34.9	34.0	35.9	36.6	39.2	40.6	41.9	44.8	46.7	48.7
Secondary income: debit	-69.0	-70.4	-63.1	-64.8	-64.5	-64.9	-67.0	-69.6	-70.5	-71.3

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Secondary income balance	-34.1	-36.4	-27.2	-28.2	-25.3	-24.3	-25.1	-24.8	-23.8	-22.6
Terms of trade										
Export price index (US\$-based; 2010=100)	92.4	89.9	109.8	118.3	115.6	118.1	119.7	123.5	126.7	130.3
Export prices (% change)	-4.3	-2.7	22.1	7.8	-2.3	2.2	1.4	3.1	2.6	2.8
Import price index (US\$-based; 2010=100)	89.6	86.4	93.6	109.2	107.4	109.5	108.1	114.6	116.3	119.5
Import prices (% change)	-6.0	-3.6	8.4	16.6	-1.6	1.9	-1.3	6.0	1.5	2.8
Terms of trade (2010=100)	103.1	104.1	117.2	108.4	107.6	107.9	110.8	107.8	108.9	109.0
Memorandum item										
Export market growth (%)	1.2	-4.7	10.2	6.5	0.1	2.7	3.0	2.9	2.8	3.0

^a Actual. ^b EIU forecasts.

Data summary: Foreign direct investment

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

May 8th 2024

Foreign direct investment

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Foreign direct investment (US\$ bn)										
Inward FDI flows	19.7	157.2	6.0	44.9	-48.2	-2.8	31.0	56.7	73.9	78.6
Inward FDI flows (% of GDP)	0.7	5.8	0.2	1.4	-1.4	-0.1	0.9	1.5	1.9	1.9
Inward FDI flows (% of gross fixed investment)	3.8	33.3	1.1	7.9	-7.9	-0.4	5.1	8.8	11.1	11.5
Outward FDI flows	21.5	-16.4	-160.9	-124.9	-41.8	-128.2	-156.5	-166.1	-173.0	-180.1
Net FDI flows	41.2	140.8	-154.9	-80.0	-90.0	-131.0	-125.5	-109.4	-99.1	-101.6
Stock of inward FDI flows	2,317.0	2,548.0	2,562.0	2,606.9	2,558.7	2,555.9	2,586.9	2,643.6	2,717.5	2,796.1
Stock of inward FDI flows per head (US\$)	34,697	37,996	38,079	38,616	37,774	37,609	37,942	38,653	39,614	40,641
Stock of inward FDI flows (% of GDP)	81.2	94.3	81.5	84.1	76.5	73.9	72.4	69.3	68.2	67.4
Memorandum items										
Share of world inward FDI flows (%)	1.6	12.9	0.4	3.0	-3.1	-0.2	1.8	3.2	4.0	4.0
Share of world inward FDI stock (%)	6.8	7.5	6.8	6.3	5.8	5.6	5.4	5.3	5.2	5.2

^a Actual. ^b EIU forecasts.

One-click report : United Kingdom ,October 2nd 2024

Political structure

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

May 3rd 2024

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 775 members) was reformed in 1999, when most hereditary peers lost their seats

Electoral system

One-click report : United Kingdom ,October 2nd 2024

Universal direct suffrage from the age of 18

National elections

The last general election was in December 2019; the next must be held by January 2025

Head of state

King Charles III, who acceded to the throne on September 8th 2022

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

The government

Prime minister: Rishi Sunak

One-click report : United Kingdom ,October 2nd 2024

Chancellor of the Duchy of Lancaster (and deputy prime minister): Oliver Dowden

Chancellor of the exchequer: Jeremy Hunt

Leader of the House of Commons: Penny Mordaunt

Leader of the House of Lords & Lord Privy Seal: Nicholas True

Parliamentary secretary to the Treasury & chief whip: Simon Hart

Secretaries of state

Business & trade, women & equalities: Kemi Badenoch

Culture, media and sport: Lucy Frazer

Defence: Grant Shapps

Education: Gillian Keegan

Energy security & net zero: Claire Coutinho

Environment, food & rural affairs: Steve Barclay

Foreign, commonwealth & development: David Cameron

Health & social care: Victoria Atkins

Home Office: James Cleverly

Justice & Lord Chancellor: Alex Chalk

Levelling up, housing & communities: Michael Gove

Northern Ireland: Chris Heaton-Harris

One-click report : United Kingdom ,October 2nd 2024

Science, innovation & technology: Michelle Donelan

Scotland: Alister Jack

Transport: Mark Harper

Wales: David Davies

Without portfolio: Richard Holden

Work & pensions: Mel Stride

Central bank governor

Andrew Bailey

Basic data

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

May 3rd 2024

Land area

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

One-click report : United Kingdom ,October 2nd 2024

Population

67m (official mid-year estimate, 2021)

Main urban areas

Population in '000 (official mid-year estimates, 2021)

Greater London (capital): 8,797

West Midlands (Birmingham): 2,916

Greater Manchester: 2,868

West Yorkshire (Leeds): 2,350

Merseyside (Liverpool): 1,423

Climate

Temperate

Weather in London (altitude 5 metres)

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

Language

One-click report : United Kingdom ,October 2nd 2024

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 (one hour ahead in summer)

Fiscal year

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

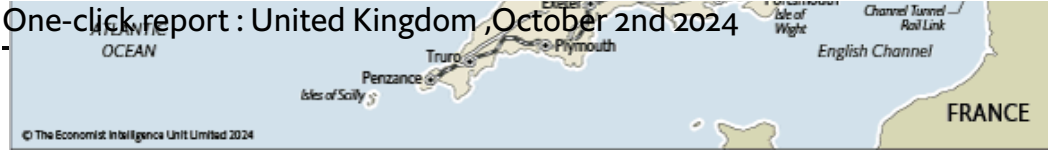
Public holidays

January 1st (New Year's Day), March 29th (Good Friday), April 1st (Easter Monday), May 6th (Early May Bank Holiday), May 27th (Late May Bank Holiday), August 26th (Summer Bank Holiday), December 25th and 26th (Christmas Day and Boxing Day)

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