U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

The British economy's openness to investment has been a long established fact, with many of the world's largest firms having UK branch plants and manufacturing subsidiaries. The UK imposes few impediments to foreign ownership and throughout the past decade, the UK has remained Europe's top recipient of foreign direct investment (FDI), including the destination of choice for U.S. investors. The UK was the world's ninth largest recipient of foreign direct investment in 2013 and attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country. The United States remains the primary source of FDI into the UK and remains the most favored location for UK direct investment abroad, continuing the strong investment partnership between the two countries.

The United Kingdom is politically stable with a modern infrastructure, and U.S. companies have found establishing a base in the UK an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables UK-based firms to operate with relative freedom throughout the EU. Many U.S. companies have operations in the UK, including all top 100 of Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms. The UK Government has sought to further increase the UK's attractiveness through taxation, trade missions, and support for small and medium enterprises. Recent studies show that the UK is also making improvements in terms of financial flexibility, policy regime for start-ups, and entrepreneurial culture. The UK is especially well supported by its financial and professional services industries.

The UK has a transparent tax system in which local and foreign-owned companies are taxed alike. The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK has a long history of applying the rule of law to business disputes, which are resolved through litigation in the UK Courts or by arbitration, mediation, etc.; and, London is a hub for international dispute resolution with over 10,000 cases annually. Expropriations or nationalization of corporate assets are prohibited by law, and the UK legal system provides a high level of protection for intellectual property. Private ownership is also protected by law and monitored for competition-restricting behavior. U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business, and common law prevails in the UK as the basis for commercial transactions.

The UK banking sector is the largest in Europe, and foreign investors, employers, and market participants have been treated equally and benefit from government initiatives equally. There are no signs of increased protectionism against foreign investment, and none are expected. Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. UK legal, regulatory, and accounting systems are transparent and consistent with international standards.

There are 20 state-owned, or partly-owned, enterprises in the UK spread across a wide range of sectors, ranging from large, well-known companies to small trading bodies. Some of these, where appropriate, are due to be sold to the private sector over the next few years. There is a strong awareness of corporate social responsibility principles among UK businesses. Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK. The UK's labor force is the second largest in the European Union, at just over 40 million people with an unemployment rate of 6.9%. About 26 percent of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to a much lower American percentage.

The United States and UK have no formal bilateral investment treaty relationship, although a Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. The UK has its own bilateral tax treaties with more than 100 (mostly developing) countries and a network of about a dozen double taxation agreements.

1. Openness to Foreign Investment

The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving U.S. $53 billion (£31.62 billion at an exchange rate of $1.66 to £1), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. Despite the drop in ranking, however, inflows increased 22 percent over 2011. The UK attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country, but this position is under threat, with Germany's share of FDI rising for the fifth year in a row to reach 16 percent. The United States remains the primary source of foreign direct investment into the UK. In FY 2012-2013, the United States contributed 39% of all inward investment projects to the UK and over 30% of all inward investment-generated jobs. In 2012, the United States contributed FDI positions to the UK of $331.2 billion (£197.5 billion), compared to $306.9 billion (£183 billion) in 2011.

With a few exceptions, the UK does not discriminate between nationals and foreign individuals in the formation and operation of private companies. U.S. companies establishing British subsidiaries generally encounter no special nationality requirements on directors or shareholders, although at least one director of any company registered in the UK must be ordinarily resident in the UK. Once established in the UK, foreign-owned companies are treated no differently from UK firms. Within the EU, the British Government is a strong defender of the rights of any British- registered company, irrespective of its nationality of ownership.

Market entry for U.S. firms is greatly facilitated by a common language, legal heritage, and similar business institutions and practices. Long-term political, economic, and regulatory stability, coupled with relatively low rates of taxation and inflation make the UK particularly attractive to foreign investors. The Coalition Government, formed between Conservatives and Liberal Democrats in May 2010, is committed to economic reforms, including privatization, deregulation, and support for competition. Both political parties in the coalition believe in a liberal economic policy.

Local and foreign-owned companies are taxed alike. Inward investors may have access to certain EU and UK regional grants and incentives that are designed to attract industry to areas of high unemployment, but no tax concessions are granted. As of 2014, the UK taxes corporations 21 percent on profits over $2.4 million (£1.5 million). Small companies are taxed at a rate of 20 percent for profits up to $471,000 (£300,000) and marginal tax relief is granted on profits between these thresholds. Tax deductions are allowed for expenditure and depreciation of assets used for trade purposes. These include machinery, plant, industrial buildings, and assets used for research and development. A special rate of 20 percent is given to unit trusts and open-ended investment companies.

TABLE 1: Corporate Tax rates for 2008–2012

Corporate Tax rates for 2008–2012					
	2008–2010	**2011**	**2012**	**2013**	**2014**
Small profits rate	21%	20%	20%	20%	20%
Small profits upper limit	£300,000	£300,000	£300,000	£300,000	£300,000
Marginal relief limits	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000
Main rate	28%	26%	24%	23%	21%

In April 2011, the government announced an increase in the tax levied on North Sea oil and gas production. The increase in the levy was not pre-announced or consulted, and oil and gas producers in the region, as well as the Scottish Executive (many of the jobs and revenues associated with North Sea energy extraction are generated in Scotland), complained that they had not been consulted and that investment in the region would be curtailed. Investment decisions were delayed at the time, but the continued high level of the oil price has meant that new North Sea energy extraction continues.

In the 2014 budget, however, the chancellor extended tax allowances in the North Sea to encourage billions of pounds of investment in the UK's maturing oil and gas industry. The incentives were allocated in the budget in order to develop temperature fields that require a high amount of capital to exploit, due to the technical difficulties of bringing oil and gas to the shore. These tax allowances build on previous tax breaks to brownfield extensions, smaller projects and developments in the west waters of Shetland. The widening of the tax allowances, which followed the unexpected $3.4bn (£2bn) tax increase made by the chancellor on North Sea operators in 2011, is aimed at extending extraction of oil and gas reserves, particularly since these operations are dependent on economically marginal fields.

The UK has a simple system of personal income tax. The basic income tax rate for 2014-2015 is 20 percent on income over a personal tax free allowance of $16, 605 (£10,000) and less than $53,028 (£31,866). For earnings over $160,500 (£100,000) and less than $199,433 (£118,880), the tax free allowance is reduced by GBP 1 for every GBP 2 of additional income. As part of the Coalition Government's plan to reduce the significant UK budget deficit, tax rates on income over £35,000 increased from 40 to 45 percent as of 6 April 2013. UK citizens also make mandatory payments of about 12 percent of income into the National Insurance system, which funds social security and retirement benefits. The UK requires non-domiciled residents of the UK to either pay tax on their worldwide income or the tax on the relevant part of their remitted foreign income being brought into the UK. If they have been resident for 7 years or more, and they choose to pay tax only on their remitted earnings, they may be subject to an additional charge of $48,141 (£30,000) or $83,235 (£50,000).

The Scottish Parliament has the legal power to increase or decrease the basic income tax rate in Scotland, currently 20 percent, by a maximum of 3 percentage points. The Scottish Government has been opposed to a rise in tax, mainly because any financial advantage gained by an increase in taxes would be offset by the need to establish a new administrative body to manage the new revenue. In practice HM Revenue & Customs (HMRC) admitted to the Scottish Cabinet Secretary for Finance in 2010 that the computer systems between Scotland and the HMRC are incapable of processing collections that fall under this category of devolved taxation power. In September 2014 Scotland will hold an independence referendum, however there is no indication that Scotland's investment policies will change after the referendum.

The UK imposes few impediments to foreign ownership. The UK subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT).

U.S. companies have found that establishing a base in the UK is an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables UK-based firms to operate with relative freedom throughout the EU. Many U.S. companies have operations in the UK, including all top 100 of Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms. Companies are closely following the debate over the future of the UK's membership in the European Union.

British Overseas Territories

The British Overseas Territories (BOTs) comprise Anguilla, British Antarctic Territory, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn Islands, St. Helena and its dependencies Ascension and Tristan da Cunha, Turks and Caicos Islands, South Georgia and South Sandwich Islands, and Sovereign Base Areas on Cyprus. The BOTs retain a substantial measure of responsibility for their own affairs. Local self-government is usually provided by an Executive Council and elected legislature. Governors or Commissioners are appointed by the Crown on the advice of the British Foreign Secretary, and retain responsibility for external affairs, defense, and internal security. However, the UK imposed direct rule on the Turks and Caicos Islands in August 2009 after an inquiry found evidence of corruption and incompetence. Its Premier was removed and its constitution was suspended. The UK restored Home Rule following elections in November 2012.

The UK's Department for International Development (DFID) is committed to "help to provide an improved environment for economic and social development and promote self-sustainability" of the BOTs. Many of the territories are now broadly self-sufficient. However, DFID maintains development assistance programs in St. Helena, Montserrat and Pitcairn, including budgetary aid to meet the islands' essential needs and development assistance to help encourage economic growth and social development. Other BOTs receive small levels of assistance through "cross-territory" programs for issues such as environmental protection, disaster prevention, HIV/AIDS and child protection. The UK also lends to the BOTs as needed, up to a pre-set limit, but assumes no liability for them if they encounter financial difficulty.

Many of the BOTs, particularly those in the Caribbean, have been hit hard by the financial crisis. In the Cayman Islands, the British Virgin Islands, the Turks and Caicos and Anguilla, decreases in financial services activity and tourism have resulted in falling output and government revenue. Fisheries and tourism activity in the Falkland Islands have fallen while the government revenues of Gibraltar, with its more diversified economy, have been resilient. To mitigate the impact of the crisis, the territories are reprioritizing government expenditure and looking at ways to increase revenue. Additionally, BOTs may request higher borrowing limits from the UK.

Seven of the BOTs have financial centres: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands. In April 2009, during the London G20 Summit, all of these territories were placed on the OECD's "grey list" of jurisdictions that have committed to the internationally agreed tax standard, developed by the OECD, but have not yet substantially implemented it by signing the 12 tax information exchange agreements. As of October 11, 2010, all but Montserrat were listed on the OECD's list of jurisdictions that have substantially implemented the internationally agreed tax standard.

Anguilla: Anguilla is a neutral tax jurisdiction. There are no income, capital gains, estate, profit or other forms of direct taxation on either individuals or corporations, for residents or non-residents of the jurisdiction. The territory has no exchange rate controls. Non-Anguillan nationals may purchase property, but the transfer of land to an alien includes a 12.5 percent tax.

British Virgin Islands: The government of the British Virgin Islands welcomes foreign direct investment and offers a series of incentive packages aimed at reducing the cost of doing business on the islands. These range from relief on customs duties on imported capital goods to relief from corporation tax payments over specific periods. Crown land grants are not available to non-British Virgin Islanders, but private land can be leased or purchased following the approval of an Alien Land Holding License. Company tax is 15 percent on chargeable income. Personal income taxes are payable at the rate of three percent on the first $2,500 of income, six percent on the next $5,000, ten percent on the next $7,500, 15 percent on the next $10,000 and 20 percent on income exceeding $25,000.

Cayman Islands: There are no direct taxes in the Cayman Islands. The government charges stamp duty of six percent on the value of real estate at sale and there is a one percent fee payable on mortgages of less than CI$300,000, and one and a half percent on mortgages of CI$300,000 or higher. There are no controls on the foreign ownership of property and land. Investors can receive import duty waivers on equipment, building materials, machinery, manufacturing materials, and other tools.

Falkland Islands: Companies located in the Falkland Islands are charged corporation tax at 21 percent on the first GBP one million and 26 percent for all amounts in excess of GBP one million. The individual income tax rate is 21 percent for earnings below $21,793 (£13,000) and 26 percent above this level.

Gibraltar: The government of Gibraltar encourages foreign investment. Gibraltar is a low-tax jurisdiction (no capital or sales taxes) with a stable currency and few restrictions on moving capital or repatriating dividends. It is a member of the EU and offers EU funding for projects that improve the island's economic development.

Montserrat: The government of Montserrat welcomes new private foreign investment. Foreign investors are permitted to acquire real estate, subject to the acquisition of an Alien Land Holding license. Foreign investment in Montserrat is subject to the same taxation rules as local investment, and is eligible for tax holidays and other incentives. Montserrat has preferential trade agreements with the United States, Canada and Europe. The government allows 100 percent foreign ownership of businesses but the administration of public utilities remains wholly in the public sector.

St. Helena: The island of St. Helena is open to foreign investment and welcomes expressions of interest from companies wanting to invest. Its government operates an Approved Investor scheme, which offers concessions to businesses that meet a set of criteria outlined in the government's Economic Development Ordinance and Tourism Policy – particularly tourism projects that will be trading at the time of the opening of the St. Helena airport. All applications under the scheme are processed by the St. Helena Development Agency.

Pitcairn Islands: The Pitcairn Islands have approximately 50 residents, with a workforce of approximately 15. The territory does not have an airstrip or safe harbor. Residents exist on fishing, subsistence farming, and handcrafts.

The Turks and Caicos Islands: The islands operate an "open arms" investment policy. Through the policy, the government commits to: a streamlined business licensing system; a responsive immigration policy to give investment security; access to government owned land under long term leases; and a variety of duty concessions to qualified investors. The islands have a "no tax" status.

TABLE 2: UK Standings on Cross-National Indices

UK Standings on Cross-National Indices		
Measure	**Year**	**Ranking/Index**
TI Corruption Perceptions Index	2013	14th out of 177/76
Heritage Economic Freedom	2014	14th out of 178/74.9
World Bank Doing Business	2014	10th out of 189
Global Innovation Index	2013	3rd out of 142/61.25
World Bank GNI per capita	2012	GBP 23,288 (USD 38,670)

2. Conversion and Transfer Policies

The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK is not a member of the Euro area and the current Coalition government does not wish to join, or prepare to join, over the next 5 year Parliament. Even at that time, it is likely that any decision to join would only be made through a referendum.

The Finance Act 2004 repealed the old rules governing thin capitalization, which allowed companies to assess their borrowing capacity on a consolidated basis. Under the new rules, companies which have borrowed from a UK or overseas parent need to show that the loan could have been made on a stand-alone basis or face possible transfer pricing penalties.

These rules were not established to limit currency transfers, but rather to limit attempts by multinational enterprises to present what is in substance an equity investment as a debt investment to obtain more favorable tax treatment.

3. Expropriation and Compensation

Expropriation of corporate assets or nationalization of an industry requires a special Act of Parliament, as seen in the February 2008 nationalization of the bank Northern Rock. In the event of nationalization, the British government follows customary international law, providing prompt, adequate, and effective compensation.

4. Dispute Settlement

International disputes are resolved through litigation in the UK Courts or by arbitration, mediation, or some other alternative dispute resolution (ADR) method. Over 10,000 disputes a year take place in London, many with an international dimension, reflecting its strong position as an international center for legal services. Most of the disputes center on the maritime, commodities, financial services, and construction sectors. The London Court of International Arbitration and the International Chamber of Commerce's International Court of Arbitration are the leading administrators of international arbitrations. The Stock Exchange Panel on Takeovers and Mergers mediates takeover bid disputes, and there is a further right of appeal to the Stock Exchange Appeals Committee.

As a member of the International Center for Settlement of Investment Disputes, the UK accepts binding international arbitration between foreign investors and the state. As a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the UK permits local enforcement on arbitration judgments decided in other signatory countries.

5. Performance Requirements and Investment Incentives

UK business contracts are legally enforceable in the UK, but not in the United States or other foreign jurisdictions. Performance bonds or guarantees are generally not needed in British commerce, nor is any technology transfer, joint venture, or local management participation or control requirement imposed on suppliers. Government and industry encourage prompt payment, but a tradition does not exist of providing an additional discount to encourage early settlement of accounts.

The UK offers a wide range of incentives for companies of any nationality locating in depressed regions of the country, as long as the investment generates employment. The Grants for Business Investment (GBI) program provided government grants to qualifying projects in parts of the UK needing investment to revitalize their economies, but closed on February 1, 2011. It was replaced by the Regional Growth Fund (RGF), a $5.3 billion (£3.2 billion) fund dedicated to helping companies through England create jobs between now and the mid-2020s. Its funds are aimed at supporting projects and programs that leverage private sector investment creating economic growth and sustainable employment, particularly in those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity. The allocation of RGF funds is spread between 2011 and 2017. Spending is made in several rounds to different bids. Each bid can be allocated to a minimum of $1.7 million (£1 million). Further information can be found at: http://www.bis.gov.uk/policies/economic-development/regional-growth-fund.

The June 2013 spending round allocated £600 million to project bids. Despite this, a 2014 report by the National Audit Office (NAO) determined that much of the funds allocated to the RGF remained unspent. The NAO found that around £492m had actually been allocated towards projects, but £425m is still being held by intermediaries. Additionally, it found that the number of jobs since the inception of the fund had increased to 44,000. This increase, however, is associated with a rise in the average cost for each job from £33,000 to £37,400.

Additionally, assistance can be obtained through the EU Structural Funds from 2014 to 2020. The UK will receive approximately $13.2 billion (€9.571 billion) in structural funds. $633 million (€457 million) will be allocated to Northern Ireland, $1.1 billion (€795 million) to Scotland, $2.9 billion (€2.145 billion) to Wales, and $8.6 billion (€6.174 billion) to England. The UK is currently working with the European Commission on what sorts of projects the funds will be allocated. The EU Structural Investment Funds (ESIF) Growth Programme that helps allocate the funds in England has stated that the funds will be allocated towards projects that promote sustainable and quality employment, promote social inclusion, combat poverty and any discrimination, and invest in education, training and vocational training.

Local authorities in England and Wales also have power under the Local Government and Housing Act of 1989 to promote the economic development of their areas through a variety of assistance schemes, including the provision of grants, loan capital, property, or other financial benefit. Separate legislation, granting similar powers to local authorities, applies to Scotland and Northern Ireland. Where available, both domestic and overseas investors may also be eligible for loans from the European Investment Bank.

6. Right to Private Ownership and Establishment

The Companies Act of 1985, administered by the Department for Business, Innovation and Skills (BIS), governs ownership and operation of private companies. On November 8, 2006 the UK passed the Companies Act of 2006 to replace the 1985 Act. The law simplifies and modernizes existing rules rather than make any dramatic shift in the company law regime.

BIS uses a transparent code of practice that is fully in accord with EU merger control regulations, in evaluating bids and mergers for possible referral to the Competition Commission. The Competition Act of 1998 strengthened competition law and enhanced the enforcement powers of the Office of Fair Trading (OFT). Prohibitions under the act relate to competition-restricting agreements and abusive behavior by entities in dominant market positions. The Enterprise Act of 2002 established the OFT as an independent statutory body with a Board, and gives it a greater role in ensuring that markets work well. Also, in accordance with EU law, if deemed in the public interest, transactions in the media or that raise national security concerns may be reviewed by the Secretary of State of BIS. In 2014, the Competition Commission and the OFT merged into a single Non Departmental Government Body, the Competition and Markets Authority. This new body is responsible for investigating mergers that could restrict competition, conducting market studies and investigations where there may be competition problems, investigating breaches of EU and UK prohibitions, initiating criminal proceedings against individuals who commit cartel offenses, and enforcing consumer protection legislation. This body is unlikely to alter UK competition policy.

Only a few exceptions to national treatment exist. For example, foreign (non-EU or non-EFTA, European Free Trade Association) ownership of UK airlines is limited by law to 49 percent. Registration of shipping vessels is limited to UK citizens or nationals of EU/EFTA member states resident in the UK. For some of these companies, restrictions of foreign ownership of ordinary shares apply. Citizenship requirements for certain senior executive and non-executive posts also apply for these enterprises. Foreign investment in financial services that are not covered by EU Directives on banking, investment, services, and insurance may be subject to a bilateral agreement.

The Takeover Panel, an independent authority that administers the City of London's code on takeovers and mergers has revised its code as it relates to hostile takeovers and the impact on existing shareholders for the target firm. It has made a range of amendments to its code to reduce the negative impact of hostile takeovers, with the stated objective of: increasing the protection for offeree companies against protracted 'virtual bid' periods; strengthening the position of the offeree company; increasing transparency and improving the quality of disclosure; and, providing greater recognition of the interests of offeree company employees.

The privatization of state-owned utilities is now essentially complete. With regard to future investment opportunities, the few remaining government-owned enterprises or remaining government shares in other utilities are likely to be sold off to the private sector when market conditions improve.

7. Protection of Property Rights

The UK legal system provides a high level of intellectual property rights (IPR) protection. Enforcement mechanisms are comparable to those available in the United States. The UK is a member of the World Intellectual Property Organization (WIPO). The UK is also a member of the major intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works; the Paris Convention for the Protection of Industrial Property; the Universal Copyright Convention; the Geneva Phonograms Convention; and the Patent Cooperation Treaty. The UK has signed and, through various EU Directives, implemented both the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

In November 2010, Prime Minister David Cameron announced an independent review of the UKs IP framework, chaired by Professor Ian Hargreaves. The Hargreaves Review is the fifth in a series of IPR reviews since 2006 – the Gowers Review (2006), the Creative Economy Programme (2007), the Digital Britain Review (2008-2009) and the Copyright Strategy (2009).

The Hargreaves Review, released in May 2011, covers all aspects of how intellectual property (IP) is created, used and protected in the UK. It concludes that the current UK IP framework impedes innovation and economic growth and outlines ten recommendations to make the UK a more competitive IP marketplace. The UK government responded positively to the Review and has committed to acting upon all ten Hargreaves. Some of the more controversial recommendations include creating copyright exemptions around format shifting and clearing patent thickets.

The government is currently consulting with stakeholders and preparing draft legislative and regulatory remedies to address the Hargreaves recommendations. Legislative progress has been slow. In May 2013, the Intellectual Property Bill was introduced in Parliament. It proposes changes that would help businesses better understand what is protected under the law, thus reducing the need for costly litigation and providing greater certainty for investors in technology. As of September 2013, the IP bill has left the House of Lords and proceeded to the First Reading stage in the House of Commons. In February 2014, draft secondary legislation, known as The Copy Right Regulations 2014, and an Explanatory Memorandum and Impact Assessment, were introduced in Parliament. These draft regulations are intended to support a system of self-regulation by giving Government powers to close gaps that can emerge in the self-regulatory framework. This is intended to improve the effectiveness of collective licensing.

Patents:
Many of the key features of the UK Patents Act 2004 entered into effect on January 1, 2005. The Act is designed to bring UK patent law into line with the updated European Patent Convention (2000). The Act lifts restrictions on filing patent applications from abroad, with exceptions made for military technology and applications whose contents could affect UK national security. The Act expands options for non-binding, written opinions on patent infringement to be issued by the UK Patent Office. The legislation also lays out significant changes to the process of approaching alleged infringers (sometimes known as "threats"). The changes are designed to aid genuine attempts to settle infringement disputes while providing protection -- particularly to small and medium enterprises -- against frivolous threats. A UK patent application requires that an invention must be new, involve an innovative step, and be capable of industrial application. A patent cannot be granted in the UK for any invention used for offensive, immoral, or anti-social purpose, for any variety of animal or plant, or for a biological process used in its production. The UK IPO and the U.S. Patent and Trademark Office (USPTO) are cooperating in various ways (including a 2007 Patent Prosecution Highway (PPH) scheme) to allow U.S. or UK patent applicants who have received a report by either the UK IPO or the USPTO to request accelerated examination of a corresponding patent application filed in the other country.

***Copyright*:**
The Copyright, Designs and Patents Act of 1988 grants the originator the exclusive right to assign those rights or to exploit them through copying, dissemination, publication, or sale. Computer programs and semiconductor internal circuit designs are included as works that are protected by this act. Under the terms of an EU Directive, which took effect in January 1988, databases are also protected in each EU-member country by the national legislation that implements the Directive.

Trademarks:
The UK submits to the WIPO system of international registration of marks, as governed by the Madrid Agreement and the Madrid Protocol. The UK Trade Marks Act of 1994 is the current law providing for the registration and protection of trade marks in the UK, and has been harmonized with EU Directive No 89/104/EEC. Trademarks are considered personal property in the UK, and are normally registered for a period of 10 years with an option to renew. However, trademarks may be removed from the register if a period of five years has elapsed, during which time there has been no bona fide use of the trademark in relation to the goods by the proprietor.

Trade Secrets/Confidential Test Data:
Commercially sensitive information is not itself specifically subject to legal protection, but the misappropriation of such information from business premises may be subject to criminal law. Action under employment law may also be taken against an employee who, by disclosing information, breaches a contract with his or her employer. In addition, confidential test data, submitted in conjunction with a registered application for pharmaceuticals or veterinary products, enjoys 10 years of exclusive protection from the date of authorization, provided the product is marketed in the UK.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Embassy point of contact: Jim Kuykendall - KuykendallJ@state.gov

Local lawyers list: http://london.usembassy.gov/us_attorneys_in_uk.html

8. Transparency of the Regulatory System

U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business. Common law prevails in the UK as the basis for commercial transactions, and the International Commercial Terms (INCOTERMS) of the International Chambers of Commerce are accepted definitions of trading terms. In terms of accounting standards and audit provisions firms in the UK must use the International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB) and approved by the European Commission. The UK's Accounting Standards Board provides guidance to firms on accounting standards and works with the IASB on international standards.

Statutory authority over prices and competition in various industries is given to independent regulators. These include the Office of Communications (OFCOM), the Office of Water Regulation (OFWAT), the Office of Gas and Electricity Markets (OFGEM), the Office of Fair Trading (OFT), the Rail Regulator, and the Prudential Regulatory Authority (PRA). The PRA was created out of the dissolution of the Financial Services Authority (FSA) in 2013. The PRA reports to the Financial Policy Committee (FPC) in the Bank of England. The FPC is be headed by a new Deputy Governor (currently Andrew Bailey, who assumed his role 1 April 2013). The PRA is responsible for supervising the safety and soundness of individual financial firms, while the FPC takes a systemic view of the financial system and provide macro-prudential regulation and policy actions. The Consumer and Markets Authority (CMA) acts as a single integrated regulator focused on conduct in financial markets. These regulators work to protect the interests of consumers while ensuring that the markets they regulate are functioning efficiently. Most laws and regulations are published in draft for public comment prior to implementation.

The Coalition government has stated its ambition to reduce the regulatory burden on firms. To do so, they have established a Cabinet Office sub-committee to review all planned regulation inherited from the previous government, scrutinize all new regulation and implement the new 'one in, one out' rule of regulation. This rule, applied to new regulation from every government department, means that for every piece of regulation a department introduces, it must find a regulation to remove in order to keep the regulatory burden to a minimum.

9. Efficient Capital Markets and Portfolio Investment

The City of London houses one of the world's largest and most comprehensive financial centres. London offers all forms of financial services: commercial banking; investment banking; insurance; venture capital; private equity; stock and currency brokers; fund managers; commodity dealers; accounting and legal services; as well as electronic clearing and settlement systems and bank payments systems. London has been highly regarded by investors because of its solid regulatory, legal, and tax environment, a supportive market infrastructure, and a dynamic and highly skilled workforce. The financial and related professional services industry contributed approximately 12.6 percent of total UK GDP in 2013, employs around 1.16 million people, and contributes $1.1 trillion (£65 billion) in tax receipts (which is 11.7 percent of total UK tax receipts). While banks remained concerned that excessive regulation in the wake of the financial crisis could drive business and talent away from London, the UK is expected to maintain its position as a top financial hub.

UK banks have been particularly hard-hit by the global financial crisis. Large-scale lay-offs have been common over the past year. Mergers, nationalizations, and bank failures, have left a consolidated playing field. In 2011, Northern Rock, wholly nationalized by the government during the financial crisis, was sold back to the private sector (Virgin Money). In 2008, the Government also announced a series of "bank rescue measures" including taking large equity stakes in two key banks, the Royal Bank of Scotland and Lloyds Banking Group. Government stakes are managed at arm's-length by UK Financial Investments (UKFI) and are approved by the European Commission to comply with state intervention rules. In March 2014, however, UKFI announced it would sell 5.35 billion of the shares it holds in Lloyds, or around 7.5%. The sale will be worth around $7 billion (£4.1 trillion), reducing the government's stake in Lloyds to about 25 percent from 32.7 percent. The government currently holds about 81 percent of the Royal Bank of Scotland.

While the financial services sector did shrink over 2013, there has been a slight improvement in the start of 2014. Financial services employment has grown at its fastest rate since 2007. New job vacancies in the financial services sector were up 51 percent in December 2013 compared with a year earlier. Financial services employment, by the end of the first quarter in 2013, will be around 1.16m. This is still 52,000 lower than at the end of 2008. While there has been growth in the financial services sector, there is still a long way to reach pre-crisis levels.

Since the beginning of the financial crisis in 2008, the UK’s economy has taken longer to recover than other G8 economies. Since contraction began in the second quarter of 2008, the UK has experienced a double dip recession and remains more than 3 percent below its pre-crisis GDP. Looking forward, growth is expected: 2.7% in 2014 and 2.3 in 2015, according to the Office of Budget Responsibility; with marginal increases every year following and expansion reaching to 2.6% by 2016-2017. In 2014, a challenged financial services sector, which struggles to adapt to increasing regulation; declines in North Sea oil and gas production; and the ongoing eurozone crisis will continue to weigh heavily on the UK economy. Housing prices in the U.K. have accelerated; with a shortage of homes for sale, this will put a further upward pressure on property values. Unemployment stands at 6.9% (February 2014). The BoE, whose quantitative easing program has helped stimulate the economy in recent past, now says its ability to ease further will have limited effect. Inflation is currently at 1.7 percent – below the BoE’s 2.0 percent target rate.

Following fiscal stimulus under the previous Labour government, in 2010 the Coalition Government committed to a deficit reduction plan to cut $127 billion (£81 billion) from the budget, eliminate the structural deficit, and begin reducing the national debt by 2014-15. While reaffirming the Government's commitment to deficit reduction, in December 2012, Chancellor Osborne announced that the target of reducing public debt as a share of GDP by fiscal year 2015-16 would not be met, pushing the date out further to 2016-17. At the end of January 2014 the public sector net debt was £1,239.6 billion (74.6% of GDP). This compares with £1,158.4 billion (72.6% of GDP) at the end of January 2013. Debt-to-GDP is expected to peak in 2015-16 at 80% and then start declining.

In the Spring 2014 Budget, the Chancellor announced new forecasts predicting that the government will borrow 107.8 billion pounds in 2014, 6.4 percent less than in the 2012/13 financial year, compared to a 3 percent reduction targeted in December 2013. The U.K.'s public finances showed a slight improvement in February 2014 compared to a year earlier, but the gain may not be enough to meet the more ambitious borrowing targets set by Chancellor Osborne.

In the Autumn 2013 Statement, the Chancellor said the Government will take another year, until 2017-18, to eliminate the structural deficit. Since the financial crisis, Fitch, Moody's and S&P placed the UK on Negative Outlook, warning that the UK's coveted AAA bond rating may be in jeopardy if economic and fiscal recovery weaken further. In 2013, however, Fitch and Moody's placed the UK on Stable Outlook, while S&P again affirmed a Negative Outlook. The Coalition government views fiscal consolidation as essential to restore confidence in the UK economy and to avoid the fates of other European countries.

In all observable circumstances, foreign investors, employers, and market participants have been treated equally and benefit from government initiatives equally. There are no signs of increased protectionism against foreign investment, and none are expected. Recently, a Parliamentary committee opened an investigation into tax avoidance by multinational companies, including several major U.S. firms. However, foreign and UK firms remain subject to the same tax laws, and several UK firm have also been criticized for tax avoidance.

Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. The principles involved in legal, regulatory, and accounting systems are transparent, and they are consistent with international standards. In all cases, regulations have been published and are applied on a non-discriminatory basis by the Prudential Regulatory Authority (PRA).

The London Stock Exchange is one of the most active equity markets in the world. London's markets have the advantage of bridging the gap between the day's trading in the Asian markets and the opening of the U.S. market. This bridge effect is also evident as many Russian and Central European companies have used London stock exchanges to tap global capital markets. The Alternative Investment Market (AIM), established in 1995 as a sub-market of the London Stock Exchange, is specifically designed for smaller, growing companies. The AIM has a more flexible regulatory system than the Main Market and has no minimum market capitalization requirements. Since its launch, the AIM has raised approximately $38billion (£24 billion) for more than 2,200 companies.

The UK banking sector is the largest in Europe. According to TheCityUK, 164 financial services firms from the EU are based in the UK and EU banks in the UK hold $2.3 trillion (£1.4 trillion) in assets, 17 percent of total UK bank assets.

10. Competition from State-Owned Enterprises (SOEs)

There are 20 state-owned, or partly-owned, enterprises in the UK, with a combined turnover of about $17.9 billion (£11.5 billion) in the year ending March 2011. The UK's state-owned enterprises are spread across a wide range of sectors. They range from large, well-known companies to small trading funds. Some of these, where appropriate, are due to be sold to the private sector over the next few years. The government has already successfully sold Northern Rock, the bank nationalized during the financial crisis in 2007. It has also sold its shares in Tote, the betting firm, for $444 million (£265 million).

The UK's Shareholder Executive, within the Department for Business, Innovation and Skills (BIS), works with government departments and management teams to help these companies perform effectively. It advises government ministers and officials on a wide range of shareholder issues including objectives, governance, strategy, performance, monitoring, board appointments and remuneration. It sets overall objectives for the businesses and agrees on a strategic plan with the board for delivering those objectives; the board is then accountable for delivery. Where appropriate, it appoints the Chair and actively participates in other board appointments. It sets compensation principles, works with the business to agree on dividend policy, and monitors performance. Under the terms of the Government-Owned Business Framework, the UK government must provide all external financing for state-owned business. Businesses are charged at the market rate to ensure they do not receive any commercial advantage from the ability to borrow at, or below, the market rate.

During 2008 and 2009, the UK government nationalized two banks, Northern Rock and Bradford & Bingley, and took significant stakes in the Royal Bank of Scotland (RBS) and Lloyds Banking Group. The government's stake in these banks is managed, at arm's-length, by UK Financial Investments (UKFI), a company wholly owned by HM Treasury. With the exception of Bradford & Bingley (which will be wound down), UKFI will execute an investment strategy for disposing of the investments through sale, redemption or buy-back. The UK government does not intend to be a permanent investor in UK financial institutions. The government has successfully sold the “good bank” section of Northern Rock to VirginMoney. Additionally, in March 2014, UKFI announced it would sell 5.35 billion of the shares it holds in Lloyds, or around 7.5%. Further sales of RBS and Lloyds are expected once market conditions improve. The rescue packages were authorized by the European Commission under EC Treaty state aid rules, which ensures state aid packages do not result in significant market distortions. At the end of 2009, the European Commission approved state aid measures for RBS and Lloyds but insisted on substantial divestments to limit market distortions. These divestments of retail branches have been fulfilled.

11. Corporate Social Responsibility

Businesses in the UK are accountable for some activities that fall under corporate social responsibility – such as human resources, environmental issues, sustainable development, and health and safety practices – through a wide variety of existing guidelines at national, EU and global levels. There is a strong awareness of corporate social responsibility principles among

UK businesses, promoted by UK business associations such as the Confederation of British Industry and the UK government.

The UK government has signed up to the OECD's guidelines for Multinational Enterprises. The government is committed to the promotion and implementation of these guidelines and encourages UK multinational enterprises to adopt high corporate standards involving all aspects of the guidelines. The UK established a National Contact Point (NCP) to promote the guidelines and to consider allegations that a multinational enterprise's behavior is inconsistent with them. It is housed in the Department for Business, Innovation and Skills and is partially funded by the UK Department for International Development (DFID). A Steering Board monitors the work of the UK NCP and provides strategic guidance. It is composed of representatives of relevant government departments and four external members nominated by the Trades Union Congress, the Confederation of British Industry, the All Party Parliamentary Group on the Great Lakes Region of Africa, and the NGO community.

12. Political Violence

The United Kingdom is politically stable, with a modern infrastructure, but shares with the rest of the world an increased threat of terrorist incidents. On June 29 and 30, 2007, terrorists unsuccessfully attempted to bomb a nightclub area in London and the Glasgow airport. In August 2006, the UK government heightened security at all UK airports following a major counterterrorism operation in which individuals were arrested for plotting attacks against United States-bound airlines. On July 7, 2005, a major terrorist attack occurred in London, as Islamic extremists detonated explosives on three Underground trains and a bus in Central London, resulting in over 50 deaths and hundreds of injuries. Following the attacks, the public transportation system was temporarily disrupted, but quickly returned to normal. A similar, but unsuccessful attack against London's public transport system took place on July 21, 2005. UK authorities have identified and arrested people involved in these attacks. These attacks do not seem to have significantly impacted investment in the UK.

With the Northern Ireland Assembly elections of May 2011, Northern Ireland marked the successful completion of the first full term of representative, power-sharing government in its history. Despite continuing political stability and progress, certain small but potentially violent groups opposed to the peace settlement have targeted police, military, and justice-related entities with firearms and explosives. It is likely possible that these groups, to include dissident republican groups such as the Real IRA and Continuity IRA, will attempt future attacks on security targets. Most recently, in December 2012 and January 2013, violent frequent demonstrations have taken place in Belfast due to a decision by Belfast City Hall to limit the amount of days the Union flag will fly over the building. Some of these demonstrations have turned violent, resulting in injuries to police, opposition, and personal property; arrests; and, in some cases, criminal charges being brought against the participants. These demonstrations remain highly localized and do not negatively affect the positive overarching investment climate in Northern Ireland.

Environmental pressure groups in the UK have been involved with numerous protests against a variety of business activities, including airport expansion, bypass roads, offshore structures, wind farms, civilian nuclear power plants, and petrochemical facilities. These protests tend not to be violent but are disruptive and work toward obtaining maximum media exposure.

13. Corruption

Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK.

The UK formally ratified the OECD Convention on Combating Bribery in December 1998. The UK also signed the UN Convention Against Corruption in December 2003 and ratified it on February 8, 2006. The UK has launched a number of initiatives to reduce corruption overseas. The OECD Working Group on Bribery (WGB) criticized the UK's implementation of the Anti-Bribery convention. The OECD and other international organizations promoting global anti-corruption initiatives pressured the UK to update its anti-bribery legislation which was last amended in 1916. In 2007, the UK Law Commission began a consultation process to draft a Bribery Bill that met OECD standards. A report was published in October 2008 and consultations with experts from the OECD were held in early 2009. The new Bill was published in draft in March 2009 and adopted by Parliament with cross-party support as the 2010 Bribery Act in April 2010.

The Bribery Act 2010 came into force on July 1, 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. The scope of the law is extra-territorial. Under the Bribery Act, a relevant person or company can be prosecuted for bribery if the crime is committed abroad. The Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.

Section 9 of the Act requires the Government to publish guidance on procedures that commercial organizations can put in place to prevent bribery on their behalf. It creates the following offences: Active bribery - promising or giving a financial or other advantage; Passive bribery- agreeing to receive or accepting a financial or other advantage; Bribery of foreign public officials, and; the failure of commercial organizations to prevent bribery by an associated person (corporate offence). The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faces charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

14. Bilateral Investment Agreements

The United States and UK have no formal bilateral investment treaty relationship, although a Bilateral Tax Treaty reviewed in 2008 specifically protects U.S. and UK investors from double taxation. The UK has its own bilateral tax treaties with more than 100 (mostly developing) countries and a network of about a dozen double taxation agreements.

The UK has concluded 104 Bilateral Investment Treaties (known in the UK as Investment Promotion and Protection Agreements) with other countries, of which 92 are in force. These countries are: Albania, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia, Bosnia & Herzegovina, Bulgaria, Burundi, Cameroon, Chile, China, Congo, Cote D'Ivoire, Croatia, Cuba, Czech Republic, Dominica, Ecuador, Egypt, El Salvador, Estonia, Georgia, Ghana, Grenada, Guyana, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Korea, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russian

Federation, Saint Lucia, Senegal, Serbia, Sierra Leone, Singapore, Slovenia, South Africa, Sri Lanka, Swaziland, Tanzania, Thailand, Tonga, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, UAE, Uruguay, Uzbekistan, Venezuela, Vietnam, and Yemen.

15. OPIC and Other Investment Insurance Agreements

OPIC does not operate in the UK. Export-Import Bank (Ex-Im Bank) financing is available to support major investment projects in the UK. A Memorandum of Understanding (MOU) signed by Ex-Im Bank and its UK equivalent, the Export Credits Guarantee Department (ECGD), enables bilateral U.S.-UK consortia, intending to invest in third countries, to seek investment funding support from the country of the larger partner. This removes the need for each of the two parties to seek financing from their respective credit guarantee organizations.

16. Labor

The UK's labor force, that is, people of a working age (between 16 and 64) is the second largest in the European Union, at just over 40 million people. 30.19 million people were in employment as of January 2014, equivalent to 72.3 percent of the working age population. As of the same date, unemployment was 2.23 million or 7.2% of the workforce lower than the EU average of 10.6 percent. In September 2013, the largest proportion of the workforce was placed in the education, health, and public administration sector with 5.7 million people or 18.8 percent of the total work force.

The most serious issue facing British employers is a skills gap derived from a high-skill, high-tech economy outpacing the educational system's ability to deliver work-ready graduates. The government has placed a strong emphasis on improving the British educational system in terms of greater emphasis on science, research and development, and entrepreneurship skills. The UK's skills base remains just above the OECD average, but is improving.

About 26 percent of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to a much lower American percentage. Public-sector workers have a much higher share of union members -- nearly 60 percent -- while the private sector is about 15 percent. Manufacturing, transport, and distribution trades are highly unionized. Unionization of the workforce in the UK is prohibited only in the armed forces, public-sector security services, and police forces. Union membership has been relatively stable in the past few years, although the trend has been slightly downward over the past decade.

Once-common militant unionism is less frequent, but occasional bouts of industrial action, or threatened industrial action, can still be expected. Recent strike action has become more frequent as the Coalition Government's deficit reduction program impacts on highly unionized sectors. In the 12 months to January 2014, there were 447,000 working days lost from 119 official labor disputes. Most British unions have adapted to the reality of a globalized economy in which jobs are contingent on the competitiveness of their employers. Privatization of traditional government entities has accelerated such thinking. The Trades Union Congress (TUC), the British AFL-CIO equivalent, encourages union-management cooperation as do most of the unions likely to be encountered by a U.S. investor.

As of October 2013, the minimum wage is $10.58 (£6.31) for adults (those 21 and over) and $8.44 (£5.03) for young people (18-20) and $6.25 (£3.72) for workers aged 16 and 17. As of October 2010, a new rate of $4.49 (£2.68) was introduced for apprentices under 19 and apprentices over 19 who are in their first year of training.

Much of the employment legislation currently affecting the UK labor market is based on EU regulations and directives. EU regulations affect working patterns, wage structures, and employee protection rights. For example, the European Working Time Directive creates an entitlement to minimum daily and weekly rest periods, an average work-week limit of 48 hours, and restrictions on night work. It also entitles workers who meet the qualifying criteria, including part-time and seasonal workers, to a minimum of 28 working days annual paid holiday. The universal application of labor regulations across respective EU borders undermines British competitiveness to the extent that the UK has made its historically more flexible labor market a major selling point to investors. As it has implemented EU directives, however, the UK government has been proactive in maintaining its flexibility and competitiveness. For example, it negotiated a special provision under the Working Time Directive that allows employees to opt out of the work week limitations and has favored changes to the rules on temporary workers.

The 2006 Employment Equality (Age) Regulations make it unlawful to discriminate against workers, employees, job seekers and trainees because of age. The regulations cover recruitment, terms and conditions, promotions, transfers, dismissals and training. They do not cover the provision of goods and services.

The regulations also removed the upper age limits on unfair dismissal and redundancy. It sets a national default retirement age of 65, making compulsory retirement below that age unlawful unless objectively justified. Employees have the right to request to work beyond retirement age and the employer has a duty to consider such requests.

17. Foreign Trade Zones/Free Ports

The cargo ports and freight transhipment points at Liverpool, Prestwick, Sheerness, Southampton, and Tilbury that are used for cargo storage and consolidation are designated as Free Trade Zones. No activities that add value to the commodities are permitted within the Free Trade Zones, which are reserved for bonded storage, cargo consolidation, and reconfiguration of non-EU goods. The Free Trade Zones offer little benefit to U.S. exporters or investors, or any other non-EU exporters or investors.

18. Foreign Direct Investment Statistics

The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving $53 billion (£31 billion), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. The UK attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country, but this position is under threat, with Germany’s share of FDI rising for the fifth year in a row to reach 16 percent. The United States remains the primary sources of foreign direct investment into the UK. In 2012, the United States contributed FDI positions to the UK of $331.2 billion (£197.5 billion), compared to $306.9 billion (£183 billion) in 2011.

The United States remained the most favored location for UK direct investment abroad in 2010, continuing the strong investment partnership between the two countries. By the end of 2010, 25.9 percent of UK-owned assets abroad were in the United States, reflecting a net position of $309.1 billion (£184.3 billion), although this was down by $68.1 billion (£40.6 billion) compared with 2009. This is the lowest level for direct investment in the United States by the UK since 2006. Non-EU European countries attracted much of the remaining outward UK FDI.

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	1,271,425	100%	**Total Outward**	1,810,315	100%
United States	331,296	26%	**United States**	333,657	18%
Netherlands	197,659	16%	**Netherlands**	214,872	12%
France	107,634	8%	**Luxembourg**	210,052	12%
Germany	84,093	7%	**France**	86,485	5%
Luxembourg	77,986	6%	**Ireland**	77,262	4%
"0" reflects amounts rounded to +/- USD 500,000					

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
World	3,758,317	100%	**World**	1,324,183	100%	**World**	2,434,134	100%
United States	929,229	25%	**United States**	383,872	29%	**United States**	545,356	22%
Germany	327,188	9%	**Ireland**	118,285	9%	**Germany**	268,955	11%
France	254,530	7%	**Japan**	78,165	6%	**Netherlands**	198,795	8%
Netherlands	233,534	6%	**Germany**	58,233	4%	**France**	198,199	8%
Ireland	210,158	6%	**France**	56,331	4%	**Brazil**	113,176	5%

19. Contact point at Post

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