UNITED KINGDOM

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

The United Kingdom (UK) is open to investment, with many of the world’s largest firms having UK branches 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). The UK was the world's ninth largest recipient of FDI 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 top destination for UK direct investment abroad, continuing the strong investment partnership between the two countries. The UK 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 EU market. Many U.S. companies have operations in the UK, including all top 100 of the Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms.

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 UK Government has sought to further attract foreign investment to the UK through trade missions and support targeting small and medium enterprises. Recent studies show that the UK is also making improvements in 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 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 as the basis for commercial transactions in the UK.

The UK banking sector is the largest in Europe, and foreign investors, employers, and market participants have been treated equally under government initiatives. 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 is a strong awareness of corporate social responsibility principles among UK businesses. 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% of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to much lower American participation. The United States and UK have enjoyed a "Commerce and Navigation" Treaty since 1815 which guarantees national treatment of U.S. investors. A Bilateral Tax Treaty

specifically protects U.S. and UK investors from double taxation. There are no signs of increased protectionism against foreign investment, and none are expected.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

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.

The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving USD 53 billion (GBP 31.62 billion at an exchange rate of USD 1.66 to GBP 1), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. Despite the drop in ranking, inflows increased 22% over 2011. The UK attracted 18% of all EU FDI inflows, the highest percentage for a single EU country, but this position may change with Germany’s share of FDI rising for the fifth year in a row to reach 16%. The United States remains the primary source of FDI 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.

Other Investment Policy Reviews

The Economist Intelligence Unit and World Bank Group's "Doing Business 2015" have current investment policy reports for the United Kingdom.

Laws/Regulations of Foreign Direct Investment

The procedure for establishing a company in the UK is identical for British and foreign investors. No approval mechanisms exist for foreign investment; foreigners may freely establish or purchase enterprises in the UK, with few exceptions, and acquire land or buildings.

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 firms have also been criticized for tax avoidance. Foreign investors may have access to certain EU and UK regional grants and incentives designed to attract industry to areas of high unemployment, but these do not include tax concessions. As of 2014, the UK taxes corporations 21% on profits over USD 2.4 million (GBP 1.5 million). Small companies are taxed at a rate of 20% for profits up to USD 471,000 (GBP 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% is given to unit trusts and open-ended investment companies.

The UK has a simple system of personal income tax. The basic income tax rate for 2014-2015 is 20% on income over a personal tax free allowance of USD 16, 605 (GBP 10,000) and less than USD 53,028 (GBP 31,866). For earnings over USD 160,500 (GBP 100,000) and less than USD 199,433 (GBP 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 GBP 35,000 increased from 40 to 45% as of 6 April 2013. UK citizens also make mandatory payments of about 12% 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 USD 48,141 (GBP 30,000) or USD 83,235 (GBP 50,000).

The Scottish Parliament has the legal power to increase or decrease the basic income tax rate in Scotland, currently 20%, by a maximum of 3% points. The Scottish Government has been opposed to increasing tax rates, 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.

Industrial Promotion

In April 2011, the government announced an increase in the tax levied on North Sea oil and gas production. 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 concerning the levy increase and that investment in the region would be curtailed.. Investment decisions were delayed at the time, but oil’s continued high price level has resulted in new North Sea energy extraction. In the 2014 and 2015 budgets, 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 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 USD 3.4bn (GBP 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 effective tax rate on production from older oil and gas fields has now been reduced from 80% to 75%, while on newer fields it has been cut from 60% to 50%. Both cuts have been backdated to January 2015 and serve to entirely reverse the "tax grab" on the sector in the Chancellor's 2011 budget.

Limits on Foreign Control

Foreign ownership is limited in only a few strategically privatized companies, such as Rolls Royce (aerospace) and BAE Systems (aircraft and defense). No individual foreign shareholder may own more than 15% of these companies. Theoretically, the government can block the acquisition of manufacturing assets from abroad by invoking the Industry Act 1975, but it has never done so. Investments in energy and power generation require environmental approvals. Certain service activities (like radio and land-based television broadcasting) are subject to licensing.

The UK requires that at least one director of any company registered in the UK must be ordinarily resident in the UK. The UK, as a member of the Organization for Economic Cooperation and Development (OECD), subscribes to the OECD Codes of Liberalization, committed to minimal limits on foreign investment.

Privatization Program

There are 20 fully or partly state-owned enterprises in the UK, spread across a wide range of sectors, ranging from large, well-known companies to small trading houses. Some of these are scheduled to be privatized within the next few years. The privatization of state-owned utilities is now essentially complete. With regard to future investment opportunities, the few remaining government-owned enterprises or government shares in other utilities are likely to be sold off to the private sector when market conditions improve.

Screening of FDI

While the UK does not have a formalized investment review body to assess the suitability of foreign investments in national security sensitive areas, an ad hoc investment review process does exist and is led by the relevant government ministry with regulatory responsibility for the sector in question (e.g., the Secretary of State for Energy and Climate Change would have responsibility for review of investments in the energy sector). U.S. companies have not been the target of these ad hoc reviews.

Competition Law

UK competition law contains both British and European elements. The Competition Act 1998 and the Enterprise Act 2002 are the most important statutes for cases with a purely national dimension. However, if the impact of a business' conduct crosses borders, EU law applies. Section 60 of the Competition Act 1998 provides that UK rules are to be applied in line with European jurisprudence.

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.

UK competition law has three main tasks: 1) prohibiting agreements or practices that restrict free trading and competition between business entities (this includes in particular the repression of cartels); 2) banning abusive behavior by a firm dominating a market, or anti-competitive practices that tend to lead to such a dominant position (practices controlled in this way may include predatory pricing, tying, price gouging, refusal to deal and many others); and 3) supervising the mergers and acquisitions of large corporations, including some joint ventures. Transactions that are considered to threaten the competitive process can be prohibited altogether, or approved subject to "remedies" such as an obligation to divest part of the merged business or to offer licenses or access to facilities to enable other businesses to continue competing.

The Competition and Markets Authority (CMA) is the primary regulatory body for competition law enforcement. It was created through the merger of the Office of Fair Trading (OFT) with the Competition Commission through the Enterprise and Regulatory Reform Act 2013. Competition law is closely connected with law on deregulation of access to markets, state aids and subsidies, the privatization of state owned assets, and the establishment of independent sector regulators.

Although the OFT and the Competition Commission have general review authority, specific "watchdog" agencies such as Ofgem (the electricity and gas markets regulation authority), Ofcom (the communications regulation authority), and Ofwat (the water services regulation authority) are also charged with seeing how the operation of those specific markets work.

Investment Trends

U.S. companies have found that establishing a base in the UK is an effective means of accessing the European Single Market, and that 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 (EMEA) corporate headquarters of American-owned firms. Companies are closely following the debate over the future of the UK's membership in the EU.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	14 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	8 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	2 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 41,680	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Special Section on the 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 centers: 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% tax.

British Virgin Islands: The government of the British Virgin Islands welcomes FDI 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% on chargeable income. Personal income taxes are payable at the rate of three percent on the first USD 2,500 of income, six percent on the next USD 5,000, ten percent on the next USD 7,500, 15% on the next USD 10,000 and 20% on income exceeding USD 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 KYD 300,000, and one and a half percent on mortgages of KYD 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% on the first GBP one million and 26% for all amounts in excess of GBP one million. The individual income tax rate is 21% for earnings below USD 21,793 (GBP 13,000) and 26% 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% 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.

2. Conversion and Transfer Policies

Foreign Exchange

The British pound sterling (GBP) 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 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-based 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.

Remittance Policies

Not applicable.

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

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The UK is a common law country. UK business contracts are legally enforceable in the UK, but not in the United States or other foreign jurisdictions. International disputes are resolved through litigation in the UK Courts or by arbitration, mediation, or some other alternative dispute resolution (ADR) method. The UK has a long history of applying the rule of law to business disputes. London is an international hub for dispute resolution with over 10,000 cases filed annually.

Bankruptcy

The UK has strong bankruptcy protections going back to the Bankruptcy Act of 1542, and in modern days both individual bankruptcy and corporate insolvency are regulated in the UK primarily by the Insolvency Act 1986 and the Insolvency Rules 1986, regulated through determinations in UK courts. The World Bank's Doing Business Report Ranks the UK 13/189 for ease of resolving insolvency.

Regarding individual bankruptcy law, the court will oblige a bankrupt individual to sell assets to pay dividends to creditors. A bankrupt person must inform future creditors about the bankrupt status and may not act as the director of a company during the period of bankruptcy. Bankruptcy is not criminalized in the UK, and the Enterprise Act of 2002 dictates that for England and Wales, bankruptcy will not normally last longer than 12 months. At the end of the bankrupt period, the individual is normally no longer held liable for bankruptcy debts unless the individual is determined to be culpable for his or her own insolvency, in which case the bankruptcy period can last up to 15 years.

For corporations declaring insolvency, UK insolvency law seeks to equitably distribute losses between creditors, employees, the community, and other stakeholders in an effort to rescue the company. Liability is limited to the amount of the investment. If a company cannot be rescued, it is liquidated and assets are sold to pay debts to creditors, including foreign investors.

Investment Disputes

Over 10,000 commercial disputes a year take place in London, many with an international dimension, reflecting the city's 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.

International Arbitration

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

London is a thriving center for the resolution of international disputes through arbitration under a variety of procedural rules such as those of the London Court of International Arbitration, the International Chamber of Commerce, the Stockholm Chamber of Commerce, the American Arbitration Association International Centre for Dispute Resolution, and many others. Many of these arbitrations involve parties with no connection to the jurisdiction, but are drawn to the jurisdiction because they perceive it to be a neutral venue with an arbitration law and courts that support arbitration. They also choose London-based arbitration because of the general prevalence of the English language and law in international commerce. A wide range of contractual and non-contractual claims can be referred to arbitration in this jurisdiction including disputes involving intellectual property rights, competition disputes, and statutory claims. There are no restrictions on foreign nationals acting as arbitration counsel or arbitrators in this jurisdiction. There are few restrictions on foreign lawyers practicing in the jurisdiction as evidenced by the fact that over 200 foreign law firms have offices in London.

ICSID Convention and New York Convention

The UK is signatory to both the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The latter convention has territorial application to Gibraltar (September 24, 1975), Hong Kong (January 21, 1977), Isle of Man (February 22, 1979), Bermuda (November 14, 1979), Belize and Cayman Islands (November 26, 1980), Guernsey (April 19, 1985), Bailiwick of Jersey (May 28, 2002), and British Virgin Islands (February 24, 2014).

The United Kingdom has consciously elected not to follow the UNCITRAL Model Law on International Commercial Arbitration. Enforcement of an arbitral award in the UK is dependent upon where the award was granted. The process for enforcement in any particular case is dependent upon the seat of arbitration and the arbitration rules that apply. Arbitral awards in the UK can be enforced under a number of different regimes, namely: The Arbitration Act 1996; The New York Convention; The Geneva Convention 1927; The Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933; and Common Law.

The Arbitration Act 1996 governs all arbitrations seated in England, Wales and Northern Ireland, both domestic and international. The full text of the Arbitration Act can be found here: http://www.legislation.gov.uk/ukpga/1996/23/data.pdf. The Arbitration Act is heavily influenced by the UNCITRAL Model Law, but it has some important differences. For example, the Arbitration Act covers both domestic and international arbitration; the document containing the parties’ arbitration agreement need not be signed; an English court is only able to stay its own proceedings and cannot refer a matter to arbitration; the default provisions in the Arbitration

Act require the appointment of a sole arbitrator as opposed to three arbitrators; a party retains the power to treat its party-nominated arbitrator as the sole arbitrator in the event that the other party fails to make an appointment (where the parties' agreement provides that each party is required to appoint an arbitrator); there is no time limit on a party's opposition to the appointment of an arbitrator; parties must expressly opt out of most of the provisions of the Arbitration Act which confer default procedural powers on the arbitrators; and there are no strict rules governing the exchange of pleadings. Section 66 of the Arbitration Act applies to all domestic and foreign arbitral awards. Sections 100 to 103 of the Arbitration Act provide for enforcement of arbitral awards under the New York Convention 1958. Section 99 of the Arbitration Act provides for the enforcement of arbitral awards made in certain countries under the Geneva Convention 1927.

Under Section 66 of the Arbitration Act, the court's permission is required for an international arbitral award to be enforced in the UK. Once the court has given permission, judgment may be entered in terms of the arbitral award and enforced in the same manner as a court judgment or order. Permission will not be granted by the court if the party against whom enforcement is sought can show that (a) the tribunal lacked substantive jurisdiction and (b) the right to raise such an objection has not been lost.

Duration of Dispute Resolution

The length of proceedings varies greatly. If the parties have a relatively straightforward dispute, co-operate, and adopt a fast track procedure, arbitration can be concluded within months or even weeks. In a substantial international arbitration involving complex facts, many witnesses and experts and post-hearing briefs, the arbitration could take many years. A reasonably substantial international arbitration will likely take between one and two years.

There are two alternative procedures that can be followed in order to enforce an award. The first is to seek leave of the court for permission to enforce. The second is to begin an action on the award, seeking the same relief from the court as set out in the tribunal's award. Enforcement of an award made in the jurisdiction may be opposed by challenging the award. However, the court also may refuse to enforce an award that is unclear, does not specify an amount, or offends public policy. Enforcement of a foreign award may be opposed on any of the limited grounds set out in the New York Convention. A stay may be granted for a limited time pending a challenge to the order for enforcement. The court will consider the likelihood of success and whether enforcement of the award will be made more or less difficult as a result of the stay. Conditions that might be imposed on granting the stay include such matters as paying a sum into court. Where multiple awards are to be rendered, the court may give permission for the tribunal to continue hearing other matters, especially where there may be a long delay between awards. UK courts have a good record of enforcing arbitral awards. The courts will enforce an arbitral award in the same way that they will enforce an order or judgment of a court. At the time of writing, there are no examples of the English courts enforcing awards which were set aside by the courts at the place of arbitration.

Most awards are complied with voluntarily. If the party against whom the award was made fails to comply, the party seeking enforcement can apply to the court. The length of time it takes to enforce an award which complies with the requirements of the New York Convention will depend on whether there are complex objections to enforcement which require the court to investigate the facts of the case. If a case raises complex issues of public importance the case could be appealed to the Court of Appeal and then to the Supreme Court. This process could take around two years. If no complex objections are raised, the party seeking enforcement can apply to the court using a summary procedure that is fast and efficient. There are time limits relating to the enforcement of the award. Failure to comply with an award is treated as a breach of the arbitration agreement. An action on the award must be brought within six years of the failure to comply with the award or 12 years if the arbitration agreement was made under seal. If the award does not specify a time for compliance, a court will imply a term of reasonableness.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

As a WTO member UK domestic regulations applied to foreign investors comply with the Agreement on Trade-Related Investment Measures (TRIMs) obligations.

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.

Investment Incentives

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 USD 5.3 billion (GBP 3.2 billion) fund dedicated to helping companies through England create jobs through 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 USD 1.55 million (GBP 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 GBP 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 GBP 492 million had actually been allocated towards projects, but GBP 425 million 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 GBP 33,000 to GBP 37,400.

Additionally, assistance can be obtained through the EU Structural Funds through 2020. The UK will receive approximately USD 13.2 billion (EUR 9.571 billion) in structural funds. USD 633 million (EUR 457 million) will be allocated to Northern Ireland, USD 1.1 billion (EUR 795 million) to Scotland, USD 2.9 billion (EUR 2.145 billion) to Wales, and USD 8.6 billion (EUR 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.

Research and Development

U.S. and other foreign firms are able to participate in UK Government financed and/or subsidized research and development programs.

Performance Requirements

The UK Government does not mandate local employment, however, at least one director of any company registered in the UK must be ordinarily resident in the UK.

New immigration rules (HC1888) that came into effect on April 6, 2012 have wide-ranging implications for foreign employees, primarily affecting businesses looking to sponsor migrants under Tier 2 as well as migrants looking to apply for settlement in the UK. In particular, the UK Government has introduced a 12-month cooling off period for Tier 2 (General) applications similar to the one that is currently in place for Tier 2 (intracompany transfer). The effect of this is that, while those who enter the UK under Tier 2 (General) to work for one company will be able to apply in-country under Tier 2 (General) to work for another company, if they leave the UK, they will not be able to apply to re-enter the UK under a fresh Tier 2 (general) permission until 12 months after their previous Tier 2 (general) permission has expired.

In addition, those who enter the UK under Tier 2 (intra-company transfer) after April 6, 2011 will not be able to change their status in-country to Tier 2 (General) under any circumstances. If they leave the UK, they will also not be able to apply to enter the UK under Tier 2 (general) until 12 months after their previous Tier 2 (intra-company transfer) permission has expired.

These provisions represent a significant tightening of the Tier 2 requirements. One of the consequences is that, where an individual is sent to the UK on assignment under Tier 2 (intracompany transfer), and the sponsoring company subsequently wishes to hire them permanently in the UK, they will not be able to apply either to remain in the UK under Tier 2 (General) or leave the UK and submit a Tier 2 (General) application overseas.

This change will mean that employers will have to carefully consider the long-term plans for all assignees that they send to the UK and whether Tier 2 (intracompany transfer) is the most appropriate category. This is because, if the assignee is subsequently required in the UK on a long-term basis, it will not be possible for them to make a new application under Tier 2 (General) until at least 12 months after their Tier 2 (intra-company transfer) permission has expired.

Data Storage

The UK does not follow "forced localization" and does not require foreign IT firms to turn over source code. There is an ongoing debate about encryption and government surveillance, and the Data Retention and Investigatory Powers Act of 2014 (DRIPA) requires foreign and domestic companies to provide data to the UK government in connection to law enforcement investigations under strict privacy guidelines. If requested by law enforcement agencies under DRIPA, companies may be required to retain certain information for a specified period of time for provision to UK law enforcement. The Data Protection Act provides limits on how organizations, businesses, and government can use individual personal data. There are no requirements for data to be stored within the UK for foreign companies as long as all personal data meets the protections enshrined in the Data Protection Act.

6. Right to Private Ownership and Establishment

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%. 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.

7. Protection of Property Rights

Real Property

The UK has robust real property laws stemming from legislation including the Law of Property Act 1925, the Settled Land Act 1925, the Land Charges Act 1972, the Trusts of Land and Appointment of Trustees Act 1996, and the Land Registration Act 2002. Interests in property are well enforced, and mortgages and liens have been recorded reliably since the Land Registry Act of 1862. The Land Registry is the government database where all land ownership and transaction data is held for England and Wales, and it is reliably accessible online, here: https://www.gov.uk/search-property-information-land-registry. Scotland has its own Registers of Scotland, while Northern Ireland operates land registration through the Land and Property Services.

Intellectual 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 UK's IP framework, chaired by Professor Ian Hargreaves. The Hargreaves Review, released in May 2011, covers all aspects of how intellectual property (IP) is created, used and protected in the UK. It concluded 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 recommendations. 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 proposed 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. The bill came into force as the Intellectual Property Act 2014 on May 14, 2014. 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. Detailed progress of the Hargreaves Review implementation process can be found on the Intellectual Property Office’s website: http://www.ipo.gov.uk/types/hargreaves.htm.

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/.

Resources for Rights Holders

U.S. Embassy London and other U.S. Government agencies, including the Department of Homeland Security, work with UK law enforcement on IPR disputes.

Embassy London point-of-contact for IP policy:
Sean Smith
Economic Officer, Department of State
+44 (0) 20 7894 0492
smithsr1@state.gov

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, for example Ofcom, Ofwat, 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.

9. Efficient Capital Markets and Portfolio Investment

The City of London houses one of the world's largest and most comprehensive financial centers. 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.

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 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 USD 38 billion (GBP 24 billion) for more than 2,200 companies.

Money and Banking System, Hostile Takeovers

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 USD 2.3 trillion (GBP 1.4 trillion) in assets, 17 percent of total UK bank assets. The financial and related professional services industry contributed approximately 12.6% of total UK GDP in 2013, employed around 1.16 million people, and contributed USD 1.1 trillion (GBP 65 billion) in tax receipts (which is 11.7% 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 were particularly hard-hit by the global financial crisis. Large-scale lay-offs were common and 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. The UK took a 40% stake in Lloyds but has since sold off some GBP 9 (USD 13.95) billion worth of Lloyds shares, reducing its holdings to less than 22%. The UK Government currently holds about 81% of the Royal Bank of Scotland.

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 objectives 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.

10. Competition from State-Owned Enterprises

There are 20 state-owned, or partly-owned, enterprises in the UK, with a combined turnover of about USD 17.9 billion (GBP 11.5 billion) in the year ending March 2011. The UK's state-owned enterprises are spread across a wide range of sectors and are listed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/208096/foi-130687-companies-uk-tax-payer-shareholder.pdf. 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 USD 444 million (GBP 265 million).

The UK's Shareholder Executive, within 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 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 Virgin Money. Additionally, in March 2014, UKFI announced it would begin selling off Lloyds shares. 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.

OECD Guidelines on Corporate Governance of SOEs

An active OECD member, the UK has some of the highest standards of corporate governance in the world. The UK Corporate Governance Code (formerly the Combined Code) sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Sovereign Wealth Funds

The United Kingdom does not maintain a national wealth fund. Although there have at time been calls to turn The Crown Estate -- created in 1760 by Parliament as a means of funding the British monarchy -- into a wealth fund, there are no plans to do so. Moreover, with assets of just under USD 12 billion, The Crown Estate would be small in relation to other national funds.

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.

OECD Guidelines for Multinational Enterprises

The UK government adheres to the OECD 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 complaints that a multinational enterprise's behavior is inconsistent with them. The UK NCP is housed in BIS and is partially funded by 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.

http://mneguidelines.oecd.org/ncps/unitedkingdom.htm

12. Political Violence

The UK 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 at 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 U.S.-bound flights. On July 7, 2005, a major terrorist attack occurred across 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 have not 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, frequent violent demonstrations have taken place in Belfast in reaction 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 advocacy 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 can be disruptive, with the aim of 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 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 UK 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 faced charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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 in 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.

Resources to Report Corruption

UK law provides criminal penalties for corruption by officials, and the government routinely implements these laws effectively. The Serious Fraud Office (SFO) is an independent government department, operating under the superintendence of the Attorney General with jurisdiction in England, Wales, and Northern Ireland. It investigates and prosecutes those who commit serious or complex fraud, bribery, and corruption, and pursues them and others for the proceeds of their crime.

The SFO is the UK's lead agency to which all allegations of bribery of foreign public officials by British nationals or companies incorporated in the United Kingdom should be reported - even in relation to conduct that occurred overseas. Some of these allegations, where they involve serious or complex fraud and corruption, may fall to the SFO to investigate. Some may be more appropriate for other agencies to investigate, such as the Overseas Anti-Corruption Unit of the City of London Police (OACU). When the SFO receives a report of possible corruption, its intelligence team makes an assessment and decides if the matter is best dealt with by the SFO or passed to one of our law enforcement partners. Allegation scan be reported in confidence using the SFO’s secure online reporting form: http://www.sfo.gov.uk/bribery--corruption/where-should-i-report-corruption.aspx. Details can also be sent to the SFO in writing:

SFO Confidential
Serious Fraud Office
2-4 Cockspur Street
London, SW1Y 5BS
United Kingdom

14. Bilateral Investment 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: 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.

Bilateral Taxation Treaties

The United States and UK have enjoyed a "Commerce and Navigation" Treaty since 1815 which guarantees national treatment of U.S. investors. A Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. The UK is a member state of the European Union, which is currently negotiating with the United States a Transatlantic Trade and Investment Partnership (T-TIP). T-TIP will contain an investment chapter with all the provisions typically found in a U.S. bilateral investment treaty (BIT), thus will enhance U.S.-UK investment protections. 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.

15. OPIC and Other Investment Insurance Programs

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, -- people of a working age (between 16 and 64) -- is the second largest in the European Union, at just over 40 million people. 31 million people were in employment as of January 2015, equivalent to 73% of the working age population, the highest employment rate since 1791. As of the same date, unemployment was 1.86 million or 5.7% of the workforce lower than the EU average of 10.6%. In September 2013, the largest proportion of the workforce was placed in the education, health, and public administration sector with 7.1 million people or 21.2% 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 entrepreneurial skills. The UK's skills base stands just above the OECD average and is improving.

About 26% of UK employees belong to a union. Public-sector workers have a much higher share of union members -- nearly 60% -- while the private sector is about 15%. 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 were in part motivated by the Coalition Government's deficit reduction program impacts on highly unionized sectors; in the 12 months to January 2015, there were 802,000 working days lost from 214 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 nation-wide labor federation, encourages union-management cooperation as do most of the unions likely to be encountered by a U.S. investor.

As of October 2014, the minimum wage was USD 9.75 (GBP 6.50) for adults (those 21 and over); USD 7.70 (GBP 5.13) for young people (18-20); and USD 5.69 (GBP 3.79) for workers aged 16 and 17. Apprentices under 19 or in their first year of training are entitled to a different minimum wage of USD 4.10 (GBP 2.73).

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. UK has made its historically more flexible labor market a major selling point to investors, and as it has implemented EU directives, 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 allowing for increased use of 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/Trade Facilitation

The cargo ports and freight transshipment 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 and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($B USD)	2014	2,687	2013	2,678	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2013	393,696	2013	570,987	BEA data available 3/19/14 at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States ($M USD, stock positions)	2013	361,830	2013	518,643	BEA data available 3/19/14 at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2013	54.5%	2013	63.3%	

*Office of National Statistics - www.ons.gov.uk

Table 3: Sources and Destination of FDI

The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving USD 53 billion (GBP 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. The U.S. remains the primary source of foreign direct investment into the UK. In 2012, the U.S. contributed FDI positions to the UK of USD 331.2 billion (GBP 197.5 billion), compared to USD 306.9 billion (GBP 183 billion) in 2011.

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	1,463,147	100%	Total Outward	1,552,539	100%
USA	393,696	25%	USA	361,830	23%
Netherlands	225,897	15%	Netherlands	183,356	12%
France	116,697	8%	Luxembourg	145.055	9%
Germany	87,194	6%	France	81,157	5%
Luxembourg	81,975	5%	Hong Kong	69,263	4%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	4,076,675	100%	All Countries	1,842,754	100%	All Countries	2,233,922	100%
USA	976,965	24%	USA	583,249	32%	USA	393,716	18%
France	303,151	7%	Ireland	179,755	10%	France	214,388	10%
Germany	282,377	7%	Japan	128,192	7%	Germany	207,615	9%
Ireland	265465	7%	France	88,762	5%	Netherlands	182,725	8%
Japan	234,515	6%	Switzerland	74,945	4%	Italy	114,335	5%

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

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