



UK INWARD INVESTMENT 2009/2010  
REPORT BY UK TRADE & INVESTMENT

# THE UK. AT THE HEART OF GLOBAL BUSINESS



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# FOREWORD

As the Prime Minister has said, “We must never take our eyes off the need for building strong and sustained economic growth in Britain”. Inward investment and exports will be key factors in achieving that growth.

So, it is particularly encouraging that the United Kingdom is rated the most attractive location for investment in Europe (European Attractiveness Survey 2010, Ernst & Young). And that at US\$1.0 trillion our stock of foreign direct investment is equalled by only one other country globally, and exceeded only by the USA (World Investment Report 2009, UN Conference on Trade and Development).

This annual report recording inward investment into the United Kingdom for the year to the end of March 2010 shows some encouraging jobs figures. But the number of investment projects is down on the record set in the previous year.

For the United Kingdom to capitalise on its potential and sustain a strong flow of inward investment will require a concerted effort across Government and the private sector.

That is why the Government has made a clear commitment to creating the best environment for business, attracting enterprise and supporting entrepreneurialism. And our actions in our first weeks in office – for example announcing significant reductions in corporation tax – signal a strong intent

to ensure that the United Kingdom, as a balanced, diverse and highly competitive economy, leads the world as a location of choice for business and global investment.

When this Government took office in May it faced unsustainable public finances. We have taken decisive action to bring this deficit under control. We have sent a powerful signal to global markets, to investors, and to the country, that the Government does not, and will not, hesitate to implement the necessary measures – painful though these sometimes are – to ensure that the United Kingdom is on a clear and stable course towards strong economic recovery and growth.

We are delighted to have responsibility for UK Trade & Investment (UKTI). We will be working closely with UKTI’s Chief Executive, Andrew Cahn, and his team, to ensure that their focus on productivity, professionalism and quality continues and is reinforced, to the benefit of businesses and the United Kingdom as a whole.



*William Hague*

**RT HON WILLIAM HAGUE MP**  
FIRST SECRETARY OF STATE, SECRETARY OF STATE  
FOR FOREIGN AND COMMONWEALTH AFFAIRS



*Vince Cable*

**RT HON DR VINCE CABLE MP**  
SECRETARY OF STATE FOR BUSINESS,  
INNOVATION AND SKILLS

## CHIEF EXECUTIVE'S FOREWORD

I am delighted to introduce this report on the inward investment results for the United Kingdom in the year to the end of March 2010.

Encouragingly, the number of expansions of existing operations rose sharply – by nearly one fifth. New projects (with no existing operation in the United Kingdom) also rose slightly. However, overall investment project numbers were down by 7 per cent compared to the previous year: the main fall was in merger and acquisition activity. Associated job numbers rose by 20 per cent.

The economic environment has been very difficult. Overall, these inward investment results are a demonstration of the United Kingdom's resilience as a world-beating location for global investment. We are now well positioned to build a sustainable and strong economic performance over the years ahead.

The results also emphasise the continued importance of our traditional investment source countries such as the USA – by far our largest investor – Japan, France, Germany and others. And investment from high growth markets elsewhere – for example India and China – is strong.

The challenge is to maintain and further improve the United Kingdom's international competitiveness for inward investment. The Government's ambition for the United Kingdom to have the most competitive corporate tax rate in the G20, to cut regulation and to show that the United Kingdom is open for business, will be welcome news for firms seeking to use the United Kingdom as a base for their European and global expansion.

And UK Trade & Investment's focus on promoting the United Kingdom's leading industrial and business sectors to potential investors – for example low carbon technology, high technology engineering, aerospace, life sciences, the creative industries and knowledge-driven businesses – will continue to be strong, highly targeted and supported by highly professional staff.

Building awareness and positive perceptions of the United Kingdom as a location for successful international business growth to potential investors, intermediaries and opinion formers in key overseas markets is central to UK Trade & Investment's work. The highly innovative British Pavilion at the Shanghai Expo is a good example. Our Expo presence provides a major opportunity to present the international business and investment benefits of partnering with the United Kingdom. There is a linked programme of business events organised around the Expo and over 1,000 business meetings designed to introduce to Chinese investors and companies the growth opportunities of doing business with the United Kingdom.

As we move towards 2012, UK Trade & Investment's programme is well underway to maximise the international business opportunity that the Olympics will bring to the United Kingdom.

UK Trade & Investment's role, as a Government Department working with and through public and private sector partners, is to deliver value – to the country, and the companies we serve. This imperative, as well as the need for UK Trade & Investment to stay ahead of the fierce and strengthening global



**SIR ANDREW CAHN KCMG**  
CHIEF EXECUTIVE  
UK TRADE & INVESTMENT

A handwritten signature in black ink, appearing to read 'A. Cahn'.

competition for foreign direct investment, drives us continually to innovate and sharpen our performance across the organisation.

This means a relentless focus on finding more effective and efficient ways of delivering UK Trade & Investment services and achieving even greater return on the resources we invest in them.

I am highly encouraged that in a year when the number of inward investment projects coming into the United Kingdom fell, UK Trade & Investment significantly assisted a record number – over 750, an increase of over a quarter on the previous year – with a sharp increase in the number of assisted projects classified as high value.

In introducing this report I would like to express my personal thanks to all those in UK Trade & Investment at home and overseas, those working across the wider inward investment delivery network in other Government Departments, Northern Ireland, Scotland, Wales and the regions of England, and our private sector colleagues and partners.



# DIRECTOR FOR INVESTMENT'S REPORT

The United Kingdom has once again confirmed its position as one of the world's leading locations for global investment. Against an exceptionally difficult economic background, and powerful competition from around the world for international investment, this is an excellent result. And one we will have to work increasingly hard to maintain.

The World Investment Report 2009 places the United Kingdom's capital stock of foreign direct investment at US\$1.0 trillion, with only the USA recording a higher figure. Greenfield foreign direct investment projects in the United Kingdom were up over a quarter on the previous year.

And the European Attractiveness Survey 2010 rates the United Kingdom

the most attractive country for investment in Europe. As the authors said, "... in the context of twelve months during which the European economy suffered a deep recession, the resilience of the United Kingdom in securing foreign direct investment is a remarkable economic success story".

The United Kingdom's inward investment performance in absolute terms, and relative to competitors, has been strong in a global market where there has been a widespread drop in capital stocks and flows, and inward investment project numbers.

As measured in this report, at 1,619 the total number of foreign direct investment projects in the United Kingdom in the year to March 2010



**ANDREW LEVI**  
DIRECTOR FOR INVESTMENT  
UK TRADE & INVESTMENT

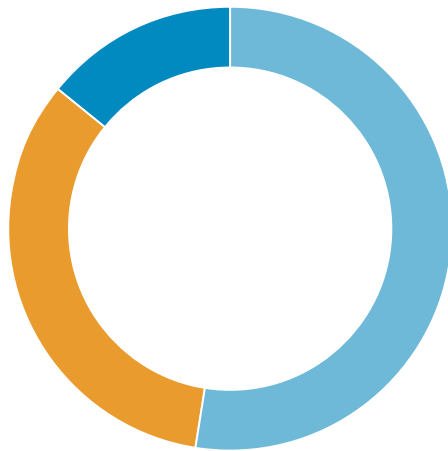
## UK INWARD INVESTMENT SUCCESS BY COUNTRY 2009/10

COUNTRY	PROJECTS	NEW JOBS
USA	484	15,443
JAPAN	107	2,293
FRANCE	99	3,729
INDIA	92	3,271
GERMANY	90	1,434
CHINA	74	760
AUSTRALIA	67	549
CANADA	62	2,033
IRELAND	56	859
ITALY	55	762
SPAIN	38	1,193
NETHERLANDS	37	668
REST OF EU	138	3,499
REST OF WORLD	220	16,865
<b>TOTAL</b>	<b>1,619</b>	<b>53,358</b>

Source: UK Trade & Investment

**UK INWARD INVESTMENT  
BY CATEGORY 2009/10**

NEW	850
EXPANSIONS	544
M&A (INC JVs)	225
<b>TOTAL</b>	<b>1,619</b>



Source: UK Trade & Investment

held up well, but was nonetheless down by 7 per cent on the previous, record year.

Of the investment projects, 850 were new investments, 544 were expansions – both up on the previous year, and both records – and 225 were mergers and acquisitions – down on the year before.

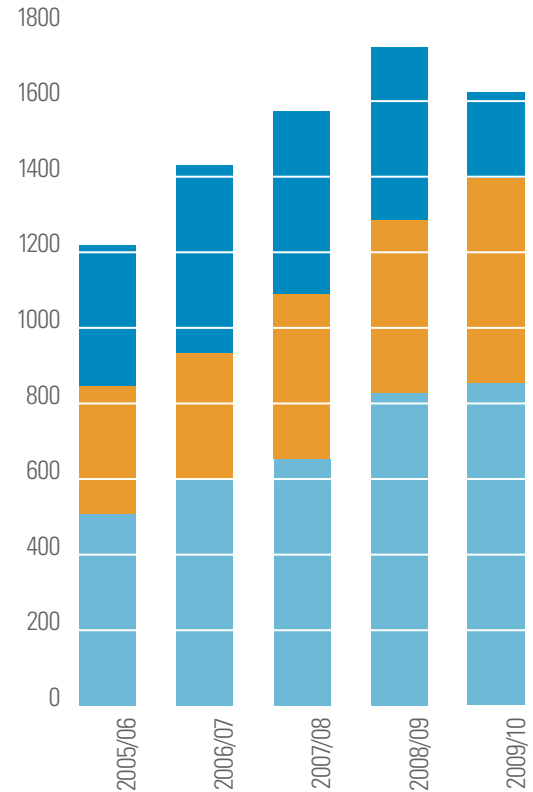
This inward investment activity created over 53,000 new jobs, an increase of over 50 per cent on the year before – a considerable achievement. Over 40,000 further jobs were safeguarded. Underlining the United Kingdom’s status as a springboard for global growth, we attracted investment from more countries than ever before – 54 – in 2009/10.

There were positive investment performances across a broad range of sectors, including life sciences and environmental technologies, which both saw an increase in project numbers. This success, in areas of cutting-edge innovation, illustrates that the United Kingdom is a highly attractive advanced economy for international companies focused on growth opportunities.

This is also confirmed by a 38 per cent increase in the number of research and development projects, which is a crucial indicator of the continuing dynamism of the United Kingdom’s inward investment environment.

Other sectors continuing to attract high levels of foreign direct investment include information and communications technology, advanced engineering and

**UK INWARD INVESTMENT  
BY CATEGORY 2005/06 TO 2009/10**



Source: UK Trade & Investment

financial services. Despite the continuing difficulties affecting the world’s banking industry, inward investment in the United Kingdom’s financial services sector created or safeguarded over 5,000 jobs in 2009/10, more than a 20 per cent increase on the year before. This suggests continued confidence in London’s role as the world’s leading international financial centre.

The United Kingdom continues to be one of the world’s leading centres for headquarters operations, with 277 companies establishing headquarters operations here in 2009/10. This was a slight increase on the year before, creating and safeguarding over 7,000 jobs. The United Kingdom continues to be home to more European headquarters than all the other European economies combined.

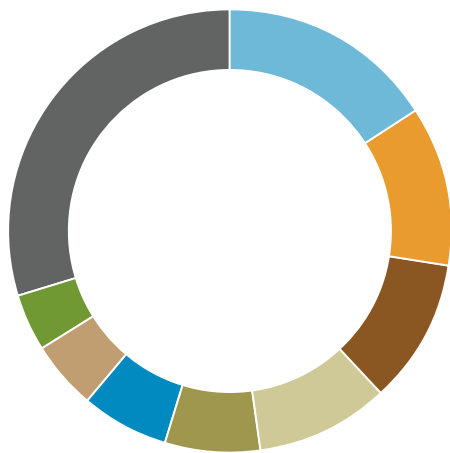


## UK INWARD INVESTMENT PROJECTS BY SECTORS 2009/10

SOFTWARE	257
ADVANCED ENGINEERING <sup>1</sup>	190
LIFE SCIENCES	173
BUSINESS SERVICES	158
FINANCE	110
ICT	105
ENVIRONMENTAL TECHNOLOGY	79
CREATIVE & MEDIA	69
OTHER <sup>2</sup>	478
<b>TOTAL</b>	<b>1,619</b>

<sup>1</sup>Advanced engineering sector reclassified in 2008/09. The new classification is used for 2008/09 and 2009/10. The old classification is used for all previous years

<sup>2</sup>“Other” includes the food & drink, power and chemicals sectors



Source: UK Trade & Investment

Manufacturing investment held up well last year, with project numbers down but an increase in the number of associated jobs. There were small drops in the number of contact centre, distribution, e-commerce and service centre projects.

The USA remains by far the biggest source of investment projects, accounting for almost 30 per cent of all investment and a third of created or safeguarded jobs.

Other major sources of investment include Japan, which provided the second-highest number of projects – increasing by 32 per cent during the last financial year – while projects from China were up by over 25 per cent.

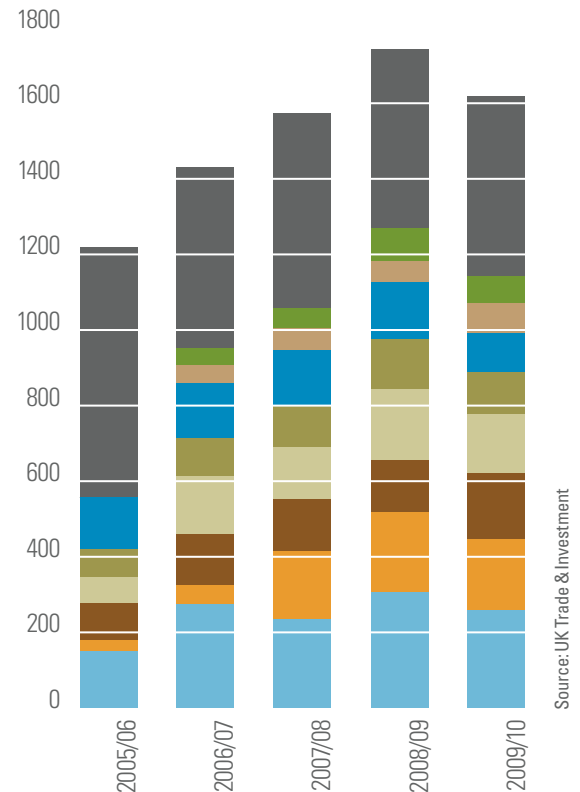
Consistently high levels of investment are also coming from markets such as Australia, Canada, France, Germany, India and Italy, and demonstrating the attractiveness of the UK as a global business hub.

### World-class network

The United Kingdom has performed very well given the prevailing economic circumstances. International companies find here what they need to succeed globally. The United Kingdom's economy is large and diverse, with powerful sectoral clusters. Four of the world's top six universities are based here, a key indicator of the strength of our research base.

The support that the United Kingdom offers inward investors differentiates us from many of our competitors.

## UK INWARD INVESTMENT PROJECTS BY SECTORS 2005/06 TO 2009/10



Source: UK Trade & Investment

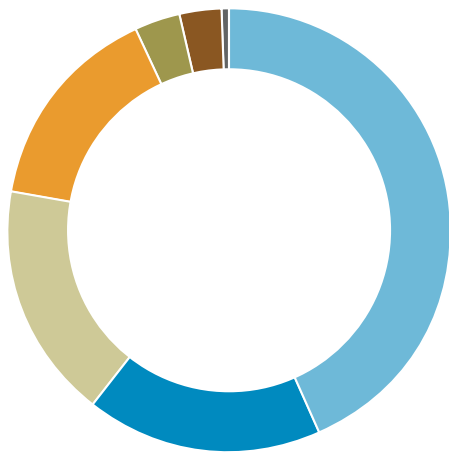
UK Trade & Investment's (UKTI) network is truly global, with representation in 96 countries, 33 of which have dedicated UKTI inward investment teams. The network is highly and increasingly professional and accessible, providing bespoke and high-quality advice and support to each investor, both before and after the initial investment has been made.

In 2009/10, at over 750 projects – more than 25 per cent up on the year before – UKTI was involved in nearly half of the United Kingdom's overall number of foreign direct investment successes. Our provisional results suggest that about half of the projects with which UKTI was involved were “high value”, with particular potential to bring significant added value to the United Kingdom's economy.



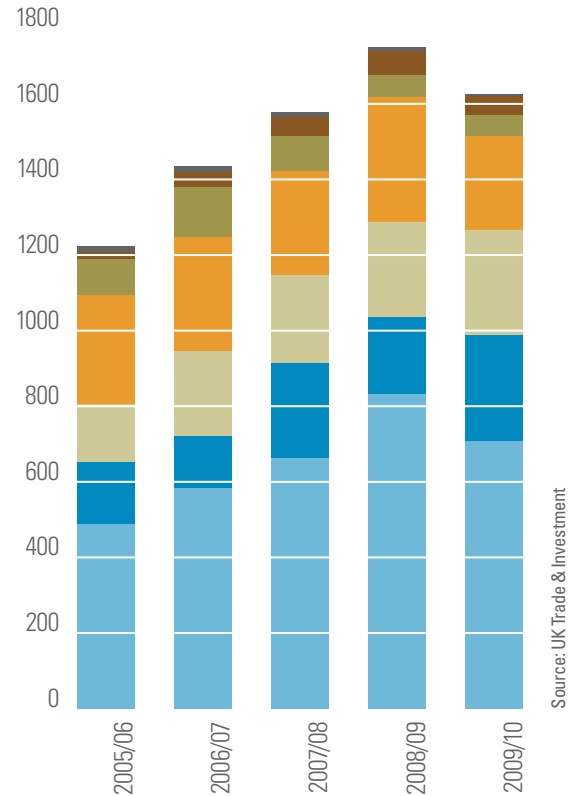
**UK INWARD INVESTMENT  
PROJECTS BY OPERATION TYPE 2009/10**

SERVICES	706
R&D	278
HQ	277
MANUFACTURING	248
DISTRIBUTION	56
CONTACT CENTRES	49
E-COMMERCE	5
<b>TOTAL</b>	<b>1,619</b>



Source: UK Trade & Investment

**UK INWARD INVESTMENT  
PROJECTS BY OPERATION TYPE  
2005/06 TO 2009/10**



Source: UK Trade & Investment

Once again, UKTI was helped by close collaboration with our partners in the United Kingdom and overseas – such as the Department for Business, Innovation and Skills, the Foreign and Commonwealth Office, the nine English regional development agencies, the devolved administrations in Northern Ireland, Scotland and Wales, our private-sector partners and others.

**Future focus**

The global competition for high quality investment is fierce. Government budgets are under pressure. The need is greater than ever for investment promotion agencies to be highly professional and effective, and financially efficient.

By setting appropriate priorities UK Trade & Investment has been able to invest heavily in the training of staff and making innovative systems available to its global network. To secure our future prosperity, the United Kingdom needs more companies to invest, innovate and take a global perspective. By ensuring that our interventions with companies strike the right chord first time, and provide excellent customer service and strategic benefit to the business, UK Trade & Investment can make a significant contribution to the success of that endeavour.

We have also increasingly recognised the value businesses can derive from well-structured, high-level contact with the Government and each other

in a conference setting. A highly successful event in early 2010 may provide a useful foundation for future engagement of this kind with investors in the United Kingdom.

Through these and other initiatives, maintaining our focus on business needs and constantly enhancing the effective deployment of high value-adding capabilities, I am confident that, working together, we can continue to attract high levels of inward investment to the United Kingdom.

# GLOBAL OVERVIEW

## The Americas

In a challenging business climate, the USA continued to be the most significant overseas investor in the UK with life sciences, creative industries, ICT and professional services proving to be particularly dynamic areas.

A significant amount of activity came from expansions by existing US investors in the UK. Jacobs Engineering, for example, decided to expand its presence in Cheshire; Lockheed Martin set up research and development (R&D) collaborations with the universities of Cambridge and Cranfield; while science company DuPont established an R&D facility in Hull, in a joint venture with BP.

New US investments into the UK included Florida law firm Greenberg Traurig, which established its first independent European office in London, creating 20 jobs and dating site eHarmony, which also set up an office in the capital.

There were also notable investment projects originating from other countries across the Americas. Canada, in particular, continued to be a major source of foreign direct investment (FDI) into the UK, with projects originating from all over the country, especially in sectors such as financial services and ICT. Research in Motion (RIM), the makers of the Blackberry, expanded its facility in the West Midlands, while a number of pension-fund organisations, including OMERS, set up UK offices. In addition, Quebec-based Cirque du Soleil moved its marketing hub from mainland Europe to London.

Investment successes from Brazil included BM&F Bovespa (the São Paulo Stock Exchange) and the BNDES (Brazilian Development Bank), which opened offices in London; and Petrobras, the Brazilian national oil company, that set up an R&D office in London.

Furthermore, Mexico's Mexichem bought the British fluorochemicals business Ineos Fluor to give them access to the European market and to provide them with complementary technology, while airline company Mexicana de Aviación set up an office in London.

## Europe

The UK continues to be seen as a first-class investment destination for companies across Europe.

France was once again a major source of investment projects. Examples included HRA Pharma, a designer of products, devices and supporting services in reproductive health and endocrinology, and online event sales company Vente-privee.com, who both established subsidiaries in London. There was also an investment of £26 million from tyre giant Michelin in its manufacturing site in Stoke-on-Trent.

German investments in the UK included diagnostics company Qiagen, which bought Manchester-based DxS for US\$95 million as part of its plans to develop a centre of global excellence in the North West. There was also a London expansion by DNA sequencing and bioinformatics firm GATC Biotech.

Spain continued to be a major source of investment in the UK. Waste treatment specialist Tradebe invested £2.8 million in new waste and disposal facilities in Yorkshire & Humber, creating and safeguarding in excess of 40 jobs, while software engineering and IT consultancy Raona established an office in the City of London.

From Italy, leading pharmaceutical firm Chiesi expanded its UK presence by establishing an R&D hub in Chippenham, while financial services firm SRI Capital Advisers set up their first London-based company.

There were also successes from the Benelux countries. Kneip Communication, a Luxembourg-based financial advertising and publishing company, took the first steps in their global expansion by opening an office in London, while Belgian biopharma firm UCB expanded its presence in Slough.

Scandinavian companies also continued to invest in the UK. They included Danish pharmaceutical firm Novo Nordisk, which further expanded its UK operation in Crawley following the launch of its new diabetes drug, Victoza®.

### Asia-Pacific and South Africa

The UK is increasingly viewed as an attractive investment destination for companies in this region, thanks to its access to the EU market, its R&D capabilities and its world-class international business environment.

Japan was again a major source of investment, with motor giant Nissan announcing its decision to carry out Li-ion battery production and build its new Leaf electric car in Sunderland. This represented a significant vote of confidence in the UK as the low-carbon transport manufacturing location of choice in Europe.

Other investments from Japan included Canon Europe, which consolidated its EHQ in Stockley Park, London; KDDI, which established a “green” data centre in the London Docklands; and Development Bank of Japan, which set up a European subsidiary.

From China, Shanghai Automotive continued to expand in the UK and commenced research with Brunel University and Imperial College London into cleaner engine technology. There was also an increase in Chinese financial services companies coming to London, including China Merchants Bank, while telecommunications firms Huawei and ZTE further grew their UK presence.

There was also growth from Hong Kong. Multinational group Li & Fung acquired Visage Group Ltd, a leading private-label apparel supplier, safeguarding 200 jobs, while the Aqua Group established two new restaurants in London.

Once again, India was a key supplier of FDI projects to the UK with significant investments in ICT, advanced engineering and life sciences. Wipro Technologies, for example, expanded its new headquarters in London and its team in Reading, while financial services group Religare Enterprises Limited expanded its London-based stock broking and investment team, with employee numbers set to grow from 60 to 130 over the next three years. Similarly, pharmaceutical firm Nicholas Piramal announced an expansion of its Grangemouth facility.

Korea remains an important source of high-value investment. Ace Technologies, specialists in wireless communications solutions, acquired Nortel’s R&D facility in Harlow, while Samsung Electronics, working with its marketing partner, Cheil Worldwide, opened a new marketing office in London’s Canary Wharf.

From Malaysia, Pulse Group expanded its BPO call centre in London, while Singapore’s Think Environmental Company acquired a 21 per cent interest in a UK company specialising in energy-from-waste pyrolysis technology, increasing its stake to 51 per cent two months later.

Among a number of investments from South Africa was restaurant chain Spur, which opened two new restaurants in Aberdeen and Derby; coffee shop business Vida e Caffè, which opened its first overseas outlet in London’s Selfridges; and Gold Coin Exchange, which registered its first overseas office in the capital.

Australasian companies also continued to invest in the UK. Simtics, a New Zealand provider of computer-simulated training for surgical procedures and medical device implantation, established a UK operation in Buckinghamshire, while Australia’s Macquarie Bank set up an EHQ in Bristol, initially creating 45 jobs.

# AT THE HEART OF GLOBAL BUSINESS

## **BUILDING THE UK'S GLOBAL ECONOMIC REPUTATION IS AT THE CORE OF UKTI'S WORK**

### **A positive message**

Communicating the value of the UK offer for international investors has remained central to our work to attract high value investment projects to the UK. Our core message is that the UK provides business with a unique springboard for global growth. Three core strengths underpin that message:

- The UK provides the best environment for business, offering a solid environment in which companies can prosper.
- The UK is a recognised global leader in creativity, innovation and low-carbon solutions.
- The UK provides an outstanding gateway to the European Single Market and the rest of the world.

### **Top-level business engagement**

We want the international business world to see what the UK has to offer. UK Trade & Investment (UKTI) understands that to attract high value investment projects to the UK, its core message must get through to the top level executives in those companies with the potential to invest. We have focused ever more intensively on this group with a strengthened approach to relationship management across government and greater engagement of key decision-makers.

A key innovation was a global investment gathering held in February 2010. UKTI drew together 250 CEOs of major global businesses to talk about global investment decisions and the importance of innovation. With input from prominent world thought leaders including Professor Michael Porter of Harvard Business School, the event provided a vital platform to promote the UK's attractiveness as an investment location. The event was a catalyst to secure major new investment projects – significant investments by firms such as Religare and Mainstream Renewable Power were announced during the event – and significantly strengthened positive perceptions of the UK. Seventy-five per cent of those surveyed said their perceptions of the UK had improved as a result.

### **Business to business**

UKTI's Business Ambassadors have continued to play a key role in marketing the UK's strengths as an investment destination. These well-known, highly respected British industry figures bring outstanding business insights and have worked with us to strengthen the UK's reputation as the best place to grow a global business. They have helped us to forge key international relationships and deliver our message successfully to a worldwide business audience.

UKTI is now putting together the Catalyst Network to complement the activities of its business ambassadors. The new network will deploy the expertise, experience and energy of strong global community of business people who share an affinity for the UK. The network, which includes both British expatriates and international business people, will provide a key grapevine for messages about the UK's offer to business. It will help us to get positive information about the UK into the heart of local business communities across the world.

### **Sector strategies**

Beyond core messages on the strengths of the UK economic offer for business, we have continued our work to focus promotional activity in those key business sectors best placed to make a strong contribution to the recovery. We have rolled out marketing strategies to demonstrate UK excellence across the advanced engineering, creative industries, energy, financial services, ICT, life sciences and low carbon sectors and in the past year have extended this approach to the defence and security offer with the launch of the security marketing strategy. Each strategy includes an implementation plan to sell UK strengths in key international markets often through events timed to coincide with high profile fixtures on the global stage. For example, UKTI organised a showcase timed to coincide with the increased publicity around the Brazilian Grand Prix in Sao Paulo in October 2009. Just three months after the event, UK companies were forecasting £5 million of new business as a result of their participation.





## REALITY DIGITAL

**Sector:** Digital Media

**Location:** London

**Country of origin:** USA

Reality Digital, a San Francisco-based provider of digital media solutions for global brands and their agencies, has been using the UK as a springboard to international markets since setting up an EMEA HQ in London in December 2008.

Rob Proctor, Head of Reality Digital's EMEA division, says: "The majority of multinational marketing agencies have their European operations focused in London; we couldn't do our European deals anywhere else. Our UK office now generates almost as much revenue as our US headquarters.

"Since setting up in London, we have secured clients in France, Germany and the Middle East, and are just about to tie up deals in Australia and China. We are now looking to set up local partnerships and satellite offices in those countries."

[www.realitydigital.com](http://www.realitydigital.com)



### Harnessing web potential

We are complementing our stronger engagement with international businesses and our strategic approach to sectors with improvements in our web presence. In June 2010, UKTI updated its own website to ensure that international and UK users could find their way more easily around the site and get quickly to the information they need. Together with new functions to alert users to events, content updates and business opportunities the site will provide an increasingly valuable connection with international investors.

Alongside this more business-friendly web presence, UKTI is increasingly harnessing social media and blogging to engage with key businesses and communicate the key strengths of the UK. These fast-growing social media channels have been used in every overseas and regional event and visit to connect directly with opinion formers and businesses in different sectors and markets. Micro-blogging service, Twitter, and image and video sharing web communities like Flickr and YouTube have helped us to get highly visual messages quickly to key contacts. They have proved invaluable in targeting newspapers and the websites of broadcast news networks and are a hit with business (and other) audiences with the most popular video on UKTI's YouTube Channel – on the Shanghai Expo – attracting over 50,000 views.

### Maintaining our global reputation

The financial crisis undoubtedly damaged perceptions of many developed economies. The UK sustained its position in relation to global competitors, but as they now raise their game, we must do more to promote the positive UK reputation that will help boost both inward investment and our export markets. UKTI is working even more closely with the Foreign and Commonwealth Office (FCO) and other departments to ensure that the UK's global reputation underpins its economic recovery.

# RESEARCH AND DEVELOPMENT

**EVERYDAY, THE TOP 1,000 UK-BASED COMPANIES INVEST OVER £72 MILLION IN RESEARCH AND DEVELOPMENT (R&D)**

**The UK’s world class R&D environment**  
 Over 2009/10, the UK continued to be ranked independently as having the strongest research base in Europe and the second strongest globally (behind only the USA). In September 2009, the UK was rated as the best European location in key research fields such as life sciences, engineering and environmental sciences (see Figure 1), while in October 2009, the UK was confirmed as having the top five universities in Europe and four of the top six universities globally (see Figure 2).

For international companies, the benefits of locating in the UK to access the world class R&D base remain clear – for example, overseas entities own 37 per cent of patents in the UK, compared with just 11.2 per cent in the USA and just 4.4 per cent in Japan. And, with just 1 per cent of the global population, the UK produces 8 per cent of the world’s scientific papers and has a citation share of 12 per cent.

The latest “R&D Scoreboard” published in February 2010 by the Department for Business, Innovation and Skills (BIS) showed that R&D expenditure by the top 1,000 UK-based companies was dominated by five sectors which accounted for 59 per cent of all expenditure – pharmaceuticals and biotechnology; aerospace and defence; software and computer services; banks; and automobiles and parts. The pharmaceuticals and biotechnology sector was the largest R&D investor,

accounting for 36 per cent of the total and generating six times more investment than the next largest sector. The banking sector recorded the fastest growth, increasing investment by 32 per cent year-on-year (followed by aerospace and defence which increased by 18 per cent).

**UK Trade & Investment**

The international competitive environment to win high-value R&D investment is intense – the top 1,000 companies in the world that are most active in R&D invest approximately £400 billion annually, with 80 per cent of this investment highly concentrated in just five locations – the UK, Germany, France, Japan and the USA.

To meet this challenge, UK Trade & Investment (UKTI) has put innovation, including the attraction of R&D, at the heart of its activities, with investment teams actively involved in attracting R&D projects to the UK. An independent review which assessed the impact of UKTI’s trade activities to increase levels of corporate R&D through business internationalisation confirmed innovative and growing companies were most likely to show positive R&D impact. UKTI’s core trade support generates additional R&D expenditure of around £65,000 per company assisted, with key services such as the “Tradeshaw Access Programme” and “Export Marketing Research Scheme” generating the strongest R&D impact. There was also clear evidence of UKTI’s “service complementarity”, with multiple service use generating higher R&D impact.

**FIGURE 1**  
 UK POSITION IN EUROPE IN SELECTED RESEARCH FIELDS

RESEARCH FIELD	EUROPEAN RANK
BIOSCIENCE	FIRST
HEALTH AND MEDICAL	FIRST
CLINICAL	FIRST
ENVIRONMENTAL SCIENCE	FIRST
ENGINEERING	FIRST
BUSINESS	FIRST
SOCIAL SCIENCES	FIRST
HUMANITIES	FIRST

Source: Evidence, 2009

**FIGURE 2**  
 THE UK HAS THE TOP FIVE UNIVERSITIES IN EUROPE

UNIVERSITY	EUROPEAN RANK
UNIVERSITY OF CAMBRIDGE	1
UNIVERSITY COLLEGE LONDON	2
IMPERIAL COLLEGE LONDON	=3
UNIVERSITY OF OXFORD	=3
UNIVERSITY OF EDINBURGH	=5
ETH ZURICH	=5
KING’S COLLEGE LONDON	7
UNIVERSITY OF MANCHESTER	8

Source: The Times Higher Education Supplement, 2009

*"It is great to be able to work in a small team environment where ideas can be shared and progressed. The Chippenham site is a great place with time and space to create new concepts and an interactive team with the passion to bring those concepts to life."*

Dave Lewis,  
Head of the Laboratory,  
Chiesi Pharmaceuticals

### The UKTI R&D Programme

UKTI has a dedicated R&D programme. Over 2009/10 it operated in three key areas:

- Attracting R&D projects to the UK (by providing practical help to enable foreign-owned companies to engage with UK companies and research organisations and initiate, or increase, their levels of R&D in the UK through inward investment, contract research, joint ventures or licensing).
- "R&D Partnerships" (formerly called the "Global Partnerships Programme") which seeks UK partners for international companies with advanced and innovative technologies.
- Supporting UK R&D activities through trade (over the course of 2009/10, this work was mainstreamed into broader UKTI trade development activity).

The core added-value of the R&D Programme is the deep experience and industry expertise of its team of up to 20 highly skilled R&D Specialists. The R&D Specialists work in multidisciplinary teams that operate across sectoral boundaries to identify R&D opportunities within target companies. The ability of the R&D Specialists to work as part of teams made up of representatives from across government networks (such as BIS and the Department for Energy and Climate Change) is an important foundation for their success.

In 2009/10 the R&D programme was involved in 109 projects representing over £1 billion of R&D-driven investment by foreign-owned entities, with over 5,000 associated jobs (new or safeguarded) in the UK. The R&D programme's 2009/10 target was 60 projects. Key source markets over the last year have included the USA with 31 per cent of projects, Japan with 28 per cent and China with 20 per cent (other notable source markets included: Germany, France, Denmark, South Africa and Canada).

### Attracting R&D projects to the UK

A key aspect of the R&D Programme is the work undertaken to attract R&D projects to the UK, including a proactive strategy to support approximately 100 pre-selected R&D intense multinational companies. Over 2009/10, the R&D Specialists have helped to attract major flagship projects, including

- A £420 million project from Nissan to site its European centre for electric vehicle battery production in the UK and manufacture the "Leaf" electric vehicle, creating or safeguarding over 550 highly skilled jobs. This success was achieved by the R&D Specialists supporting the Automotive Unit in BIS in partnership with One North East and the Embassy team in Tokyo.



## KOREA RAILROAD RESEARCH INSTITUTE

**Sector:** Engineering

**Location:** Sheffield

**Country of origin:** Korea

In November 2009, the Korea Railroad Research Institute (KRRI) decided to form a research and development (R&D) partnership with the University of Sheffield in its first major overseas research investment.

KRRI was keen to secure an academic partner in the UK as part of its drive to expand its technological advantage and international presence. Following assistance from UK Trade & Investment in accessing the UK's rail research base, the company signed a Memorandum of Understanding with the University of Sheffield and opened a joint research laboratory there. The two organisations will work together on a series of projects aiming to develop important core rail technologies.

KRRI's Alex Yang said: "UKTI's support helped us decide to work with the University of Sheffield. It was a great result."

[www.krri.re.kr](http://www.krri.re.kr)



- A direct investment of £310,000 by Delphi Automotive in a £665,000 Technology Strategy Board project to fast-track development of a novel fuel injector nozzle with the potential to reduce fuel consumption and carbon emissions.

### R&D Partnerships

“R&D Partnerships” seeks UK partners for international companies with advanced and innovative technologies. During 2009/10, over 90 partnership reports were produced to help catalyse international R&D collaborations, for example:

- An introduction by R&D Partnerships led to a collaboration between UK-based EA Technology and Portuguese company Albatroz Engenharia. The companies, both of which specialise in the aerial inspection of overhead power lines, aim to combine EA Technology’s expertise in asset management with the laser ranging technology developed by Albatroz Engenharia to provide an advanced vegetation management service – this will enable electricity companies to manage tree cutting work programmes more cost effectively in the vicinity of their power lines.

### Supporting UK R&D activities through trade

The R&D Programme also helped over 100 innovative UK-based companies to expand overseas through trade development activities during 2009/10. This was achieved through projects in the North East, North West, East Midlands and the West Midlands.

**UK Map for Investors**  
Online interactive map of UK Business and research excellence

**University of Manchester**  
Oxford Road  
Manchester  
M13 9PL  
Tel: +44 (0)161 275 2077  
Fax: +44 (0)161 275 2106  
[www.manchester.ac.uk](http://www.manchester.ac.uk)

Liverpool  
Manchester  
Birmingham

The UK Map for Investors gives easy access to key information about excellence across the United Kingdom’s economy in a range of sectors, sub-sectors and business activities in a dynamic and visually compelling manner. This includes the presence of clusters, education, centres of excellence, business activities, connectivity and infrastructure. Each sectoral view is accompanied by a concise, narrative account of the sector. The map provides an excellent entry point and complement to the range of sophisticated capabilities which UKTI deploys to help international investors establish and develop the best possible platform for global growth – in the United Kingdom.

The map can be viewed on the UK Trade & Investment website at [www.ukti.gov.uk/investintheuk/investorsmap.html](http://www.ukti.gov.uk/investintheuk/investorsmap.html)



*"We are particularly grateful to the Investment Team at the British Consulate-General in Osaka and their colleagues in London, including the sector team and R&D specialist Dr Nigel Whittle, as well as Scottish Development International for helping us achieve those MOUs. We look forward to UKTI's continued support to help us achieve our goals."*

Isao Teshirogi, PhD,  
President and Representative  
Director of Shionogi & Co Ltd

Particular examples included:

- The "North East R&D Collaboration Project", which helped to protect intellectual property rights, identify international partners with complementary technologies and support innovative local companies to develop routes to market. One such beneficiary, Park & Slide, developed an innovative space-saving parking system – the North East R&D Collaboration Project provided advice on intellectual property protection, product and market research and company structuring, as well as identifying a US partner.
- The "Soft Landing Zone Programme" (SLZ) managed by Coventry University Enterprises, which supported UK R&D intensive companies to develop collaborative R&D projects with overseas partners. Shoothill, a highly innovative UK developer of geo-spatial business applications, benefited substantially from working with the SLZ by developing important business relationships in the USA. Within a 12 month period, Shoothill invested over £50,000 in R&D as a result of the assistance provided.

### The R&D Programme: three-year summary

2009/10 was the third delivery year of the R&D Programme – a summary of the benefits to date shows that it has been a resounding success, most notably:

- The R&D Programme has had a pivotal role in securing investment projects for the UK that have generated over £1.4 billion and created more than 8,100 high-value jobs.
- The R&D Specialists have used their expertise and ability to develop long-term business relationships and have substantially increased UKTI's reputation and credibility, resulting in the UK securing multiple investment projects from individual target companies.
- The R&D Specialists have supported the wider activities of UKTI's trade and investment teams, with new R&D opportunities developed for the UK in key sectors, including "food and drink" and "animal health".
- UKTI's working relationships have been particularly strengthened with key UK research organisations, including the Technology Strategy Board and the Research Councils. Indeed, the Virtual Team approach has been a proven success, while the ability to leverage these relationships has helped with wider R&D policy making.

### Forward look

With a compelling combination of Europe's strongest research base, Europe's top universities and a thriving business environment conducive to supporting commercial R&D, the UK is ideally positioned to remain the global location of choice for international R&D investment.



## EADS

**Sector:** Research and Development  
**Location:** Edinburgh  
**Country of origin:** France/Germany/  
Netherlands/Spain

In October 2009, EADS, a global leader in aerospace, defence and related services, formally established an Innovation Works Research Office at the University of Edinburgh.

The office, based at the university's School of Informatics, will carry out R&D on the use of tools such as "Second Life" to enable remote/complex meeting environments, and the development of rapid speech diarisation and online browsing for an instrumented meeting room.

[www.eads.com](http://www.eads.com)

*"I am delighted that UKTI, working with Scottish Development International, was able to provide assistance to EADS with their new and innovative investment."*

Dr. George Tomka,  
UKTI R&D Specialist



# INVESTMENT POLICY AND AFTERCARE

## UKTI HAS BEEN SUCCESSFUL IN INFLUENCING INVESTMENT POLICY ACROSS KEY AREAS

Given the global economic downturn, there has been an even sharper focus on investor development and aftercare over the last financial year.

UK Trade & Investment (UKTI) continued to be extremely active in talking to clients about the challenges they face and weathering the downturn and to make sure that they maintain their existing presence in the UK, as well as encouraging them to plan for future growth. It has worked with companies to address their needs and concerns, not least in areas such as taxation and planning, as well as migration, skills and transport.

### Tax

The decision in the recent emergency budget to reduce corporation tax to 24 per cent by April 2014 is clearly an element in achieving the coalition Government's aim to make the UK's corporate tax regime the most competitive in the G20 by the end of the next Parliament. This, and last summer's implementation of legislation to exempt from UK tax foreign dividends received by UK companies, together with the consultation on Controlled Foreign Companies, have been well received by business.

UKTI has been a key provider of business intelligence for these developments by obtaining business feedback from overseas-owned companies. This has been shared with other Government departments such as Department for Business, Innovation and Skills, Her Majesty's Revenue & Customs and HM Treasury. Treasury's commitment, in their June 2010 publication "Tax Policy Making – a new approach", to address the UK international tax competitiveness has also been widely welcomed. UKTI's financial modelling platform, developed in partnership with Ernst & Young, will be an important means of gathering evidence of project based data in key sectors.

### Planning

UKTI continued to help shape government policy to improve planning and other related development consent regimes in several key areas.

The Penfold Review of non-planning consents, such as environmental, highways and heritage, required for some developments, has identified scope to support investment by streamlining processes.

National planning policy for economic growth gives local communities the tools to plan positively and proactively for sustainable economic growth in their areas, supporting the start-up and growth of businesses, attracting inward investment and increasing employment.

Also, improvements, based on recommendations in the Killian Pretty Review, are being implemented to the town and country planning application system to make it faster and more responsive to the needs of business. Such measures will bring in a more positive and proactive "development management" philosophy to local planning authorities.

### Forward look

Over the last year, UKTI has been focused on the development of a virtual (multi-disciplinary) team approach, bringing together the expertise of Government and its regional partners to provide an even more cohesive and rigorous approach to working effectively with investors.

This will continue in the coming year, helping to ensure that engagement with investors has their needs as the central focus and that the development of government policy continues to be business friendly as the UK continues to move out of recession.

# GLOBAL ENTREPRENEUR PROGRAMME

*"UKTI's Global Entrepreneur Programme is the best investment I have seen a government make. The support provided by its team of experienced entrepreneurs shows the UK is a supportive environment for start-ups. I have not met better ambassadors for business in the UK. The GEP team recognised our potential at an early stage and gave us some fantastic support throughout. The GEP Dealmakers have helped BraveNewTalent become 'Born Global'."*

Lucian Tarnowski,  
Founder and CEO  
BraveNewTalent.com

## THE GLOBAL ENTREPRENEUR PROGRAMME HAD A RECORD YEAR

The Global Entrepreneur Programme (GEP) helps entrepreneur-led, early-stage technology companies from around the world to establish their international headquarters in the UK, thereby giving them invaluable access to global markets.

Through its team of experienced specialists, known as "dealmakers", who are entrepreneurs in their own right, the GEP strives to find the next potential technology giant and help it to achieve international success from a UK base. In turn, this boosts UK jobs and the country's technology infrastructure, and ultimately encourages UK employees of the start-up companies in question to go on to launch new ventures themselves.

The GEP helped some 42 high-value companies to set up or expand in the UK, a 30 per cent increase on last year. They included Lifecrete, a US manufacturer of eco-masonry; Ecologix Corporation, an Indian analytics firm for energy consumption and emissions; and ThermaHelm, a US developer of an innovative motorcycle safety helmet.

This year's GEP success reflects the efforts of a team whose international coverage was extended in 2008/09, enhancing its ability to spot the best rising entrepreneurial talent from across the world.

## Key initiatives

The GEP participated in many successful initiatives including the sponsorship of a *Dragons' Den*-style entrepreneurs "boot camp" across Europe. This innovative event, known as "Seed Camp", gives technology entrepreneurs the opportunity to showcase their companies to a world-class network of advisers and mentors at various locations across Europe. A number of these entrepreneurs were then selected to appear at Seed Camp Week in London, with the leading companies remaining here after securing investment.

Two of the dealmakers were mentors to the Seed Camp programme, allowing the team access to all the competing entrepreneurs. This led to a number of companies joining the GEP and setting up in the UK, including entrepreneurs from Estonia, Poland, Romania and Sweden.

Similarly, the GEP team helped to organise an investment event in London called "Showcasing Indian Ventures", in which a number of Indian client companies pitched to angel investors in a bid to secure investment. At least two companies are likely to receive finance as a result of the event.

## Enhanced aftercare

The growing number of GEP client companies in the UK encouraged the team to increase further emphasis on aftercare services in 2009/10, thereby providing more help to companies once they have landed in the UK. Its new "GEP Alumni Connect" networking group links all the companies that have

come to the UK under the auspices of the Programme and provides access to a dealmaker to help with their strategic development and growth.

The Middle East has also continued to grow in importance as organisations and corporations in the UAE seek to increase their own technology infrastructure. As such the GEP signed a Memorandum of Understanding (MOU) with the Government of Abu Dhabi to help provide GEP companies with access to the region's markets and networks.

Confident of continued success in the coming year, the GEP will continue to focus on quality and will look to establish more clearly defined channels to assist their relocation here. The growth of the cleantech sector also represents a significant opportunity for the UK and as such the GEP will look to recruit a new dealmaker with expertise in this area.

# OLYMPICS

## SECURING THE BENEFITS FOR YEARS TO COME

When London was awarded the 2012 Olympic Games in 2005, the promise was that the event would leave a lasting legacy, not just for the capital, but for the UK as a whole. A substantial return would be delivered on the huge investment required to stage the Games, not just in sporting achievements, but also in terms of long-lasting economic and business benefits to be enjoyed for generations to come.

UK Trade & Investment (UKTI) was consequently tasked with helping to achieve this objective by using the Games as a hook to promote UK business internationally and to attract inward investment.

Taking advantage of an event of the magnitude of the Olympics is of paramount importance to UKTI; there is no better and bigger shop window. In the summer of 2012, the eyes of the world will be on the UK, giving it a once-in-a-lifetime opportunity to show a global audience of billions what the country has to offer.

### CompeteFor

Through the prism of the Games, UKTI aims to promote the UK as the best place in which, and with which, to do business. One of its major roles is its involvement with CompeteFor – the procurement mechanism for the 2012 Olympics, where Games-related contracts are advertised and interested UK and overseas companies can profile themselves.

Companies across the world can bid for contracts related to the delivery of the Olympics using the CompeteFor online registration facility. UKTI has been focused on ensuring that where foreign firms submit bids we look for opportunities for them to invest in the UK, generating jobs and economic value for the UK.

This process is proving very successful, with over 500 companies, from all over the world, having been contacted by UKTI so far – many of them showing strong inward investment potential.

### Host2host

As well as promoting the UK as a leading inward investment destination, UKTI is also using the 2012 Games as a way of showcasing UK expertise to international buyers.

There are billions of pounds-worth of contracts up for grabs at the major sporting events taking place over the next few years, particularly those being hosted by emerging economies, which are looking to significantly develop their infrastructure. UKTI is determined that UK companies are well placed to take advantage of the lucrative opportunities on offer.

A key route is the host2host programme, which aims to maximise business opportunities and share business legacy knowledge and expertise with other host, and potential host, nations and cities of sporting events.

Host2host agreements have now been signed with Canada, host of the 2010 Winter Olympics; Singapore, host of the 2010 Youth Olympics; and, most recently, Russia, which will stage the Winter Olympics in 2014. These agreements enable the UK to talk to its overseas counterparts on a government-to-government basis about the kinds of event-related contracts on offer and to introduce UK companies to relevant contacts. UKTI is now pursuing an agreement with Brazil, host country of both the 2014 World Cup and the 2016 Olympics.

As part of its host2host agreement with Canada, UKTI ran a series of events at the 2010 Winter Olympics in Vancouver. They included a “Major Sports Breakfast”, attended by British and Canadian companies; a host2host reception; and a high-level investors dinner, where 18 Canadian and global companies talked about investing in the UK.

There was also a GO UK! showcasing event at the Vancouver Art Gallery, which featured a screening of UKTI’s *Love & Money* film, watched by some 350 guests, including the Princess Royal.

### Business summit

In November 2009, in conjunction with the Department for Business, Innovation and Skills (BIS), UKTI hosted the first-ever 2012 Business Summit, in London. Attended by some 500 UK companies, this event featured numerous high-profile speakers, including the London Organising Committee of the Olympic Games (LOCOG), which publicly set out its procurement requirements for the first time.





## SME

**Sector:** Creative Industries

**Location:** London

**Country of origin:** USA

In April 2009, SME, a US provider of branding and design solutions, opened a UK office after registering on the London 2012 CompeteFor website to promote its capabilities.

Following registration, the company was contacted by representatives of UKTI and Think London, who discussed business opportunities in the UK with SME and helped it establish a London office barely four months later. Further expansion is now planned.

Fred Popp, Chief Executive of SME, said: "London was our first choice out of a number of world cities considered for this new operation, as it offered everything we needed – proximity to Europe, an abundance of creative resources, an internationalised business environment and, of course, major sports events such as the 2012 Olympics."

[www.smebranding.com](http://www.smebranding.com)

Delegates from Poland, Russia, South Africa and Brazil highlighted opportunities for UK companies stemming from the major sporting events that they will be hosting, while a "Meet the International Buyer" event featured 80 face-to-face meetings.

### Forward look

UKTI worked on a programme of business activity for the 2010 World Cup in South Africa. It is also involved with promoting England's bid to host the 2018 World Cup.

In addition, it is planning to showcase, through a series of inward visits, how UK expertise has delivered the London 2012 Olympic Park. This groundbreaking project, which has involved the decontamination of huge swathes of land in East London, is an impressive success story for the UK, demonstrating its world-leading capability in a wide range of areas, including sustainability.

As we move towards 2012 UK Trade & Investment's programme is well underway to maximise the international business opportunity that the Olympics will bring to the United Kingdom. UKTI is also looking to develop an outreach programme targeting top-level overseas investors, who would be invited to the UK prior to, and during, the 2012 Games and introduced to key contacts.

# GENERATING GLOBAL BUSINESS SUCCESS

UK Trade & Investment's (UKTI) strategic investment focus is on eight key business sectors, with innovation and R&D at their heart. These sectors for future success are built on four cornerstones: a strong business environment;

a world-class skills base; a world-class infrastructure meeting the needs of business; and an economy embracing the opportunities arising from the transition to a low carbon future.



### Strong business environment

Businesses operating in the UK benefit from Europe's strongest business environment with competitive rates of taxation and a flexible operating environment. Indeed, in a detailed assessment of 183 countries globally, the World Bank ranked the UK top in Europe and fifth globally for "ease of doing business", a factor which covered issues such as labour flexibility, regulations to start a business, the ability to enforce contracts and the ease of registering a property.

### World-class skills

The UK is renowned for providing international investors with the best combination of labour market attributes in Europe. This includes having one of Europe's largest workforces, flexible labour regulations, very high labour force participation rates and a wide range of foreign language skills underpinned by English, the global language of business. The UK is home to four of the world's top six universities and provides 20 of the world's top 100 MBA courses.

### Building a low carbon and eco-friendly future

The economic opportunities arising from the transition to low carbon technologies extend across the entire UK economy. The UK is one of the world's largest low carbon environmental goods and services market, worth an estimated £112 billion and employing over 900,000 people. Over the next five years, this market will have one of the UK's fastest growth rates, rising by 4 per cent per annum, with employment forecast to reach over 1.2 million by 2015.

### World-class infrastructure

With major international airports located across the UK, including London, Manchester, Birmingham and Glasgow, the UK has the most extensive air transport system in Europe, accounting for six of Europe's top ten busiest international air routes and over 200 million passengers (Eurostat, 2010). In addition, the UK's privatised rail network links all UK and European mainland locations through the world-class Eurostar rail service.



## DP WORLD

**Sector:** Transportation/Logistics

**Location:** London

**Country of origin:** UAE

In January 2010, Dubai-based DP World, one of the world's largest marine terminal operators, began laying the foundations of a new deep-sea container port in London.

The £1.5 billion London Gateway project will be one of the most significant infrastructure developments in the UK for 20 years and will generate 12,000 direct new jobs. The 1,500-acre site, which will be one of Europe's largest combined deep-sea port and logistics parks, will give excellent shipping access and transform the movement of freight around the UK, significantly reducing national road haulage.

Sultan Ahmed Bin Sulayem, Chairman of DP World, said: "When complete, London Gateway will provide the UK with modern, efficient infrastructure, while at the same time reducing CO<sub>2</sub> emissions and supply chain costs."

[www.dpworld.com](http://www.dpworld.com)



## SAICA

**Sector:** Environment

**Location:** Manchester

**Country of origin:** Spain

Spanish paper and packaging group SAICA recently announced the go-ahead on the construction of a £290 million world-class paper mill in Trafford, near Manchester. It will produce 400,000 tonnes per annum of 100 per cent recycled paperboard for use in corrugated packaging.

The new mill will create 220 jobs, and bring SAICA's investment in the UK to over £470 million since 2007, with the acquisition and subsequent modernisation of a series of corrugated box plants in the UK and Ireland.

Eduardo Aragües, President of the SAICA Group, said: "This huge investment, in the current economic climate, is the best message SAICA can send to its UK customers, to whom we are fully devoted and with whom we are establishing a long-term partnership."

[www.saica.com](http://www.saica.com)

## TOP IN EUROPE

The World Bank ranked the UK top in Europe and fifth globally for "ease of doing business"



## ADVANCED ENGINEERING

### Overview

The UK is renowned globally for the strength of its advanced engineering sector, with world-leading capabilities in technologies such as plastic electronics, materials and sensors and their application in a multitude of industry sectors including automotive manufacturing, space and aerospace. It has been a period of ground-breaking success for the UK, with the securing of innovative engineering investment projects that will provide significant long-term economic benefits and will, crucially, accelerate the UK's transition towards a low carbon economy.

### Next-generation automotive manufacturing

The announcement by Nissan in March 2010 that it had selected the UK to produce Europe's first mass-produced electric car was a clear testament to the strength of the UK's engineering skills base. The £420 million project at Nissan's Sunderland plant will revolutionise the automotive industry and confirm the UK as a leading location globally for next-generation automotive manufacturing.

Alongside this success, the Government has been keen to maintain the strength of the UK's wider automotive sector by building on its international reputation for automotive design, research and development (R&D) and innovation. Indeed, in response to a report by the "New Automotive Innovation and Growth Team" at the Department for Business, Innovation and Skills (BIS), the Automotive Council was established in January 2010 to develop, guide and implement a long-term strategic framework for the industry.

### Space technology

The "Space Innovation and Growth Strategy", a joint Government, industry and academia initiative, was launched in February 2010. This set out a 20-year plan to ensure that the UK builds on its existing strengths and achievements in space technology and remains at the forefront of the evolving space sector. As a first move, in March 2010, the UK Space Agency was established to co-ordinate the UK's space sector as it builds towards becoming a £40 billion industry by 2030 that will provide employment for 100,000 people.



### Composite materials

The composite materials finished parts market is conservatively forecast to grow to over £20 billion by 2020, up from a current value of £1 billion, due to significant forecast growth in sectors such as aerospace and offshore wind. In November 2009, BIS launched the “UK Composites Strategy” to provide investment and co-ordinated support, ensuring that the UK continues to develop a sustainable and commercially-focused composites industry.

### Offshore wind

In October 2009, the Department of Energy and Climate Change announced a significant expansion to the UK’s offshore wind capacity to reach 32 gigawatts of offshore wind energy by 2020. This will result in major opportunities in the manufacture of offshore wind turbines – indeed, the manufacture of blades alone is expected to be worth £10 billion by 2020, creating up to 70,000 jobs in the UK.

### Forward look

The UK is well placed to retain its position as a leading advanced engineering economy – in addition to world-class skills and expertise within each company, the sector is supported by globally recognised research excellence from the UK’s universities which comprise four of the top six universities in Europe for engineering and ICT (specifically Cambridge, Oxford, Imperial College and Manchester) and the collaborative potential of leading research organisations such as the Advanced Manufacturing Research Centre. Of particular importance to the long-term success of the UK advanced engineering sector is the strategic support provided for the deployment of technologies to overcome specific challenges, as demonstrated, for example, by the National Aerospace Technology Strategy and the Automotive Council Technology Group. This support will ensure that the UK continues to remain the global location of choice for international companies keen to develop and exploit engineering technologies that tackle the world’s industrial and societal challenges.



## NISSAN

**Sector:** Advanced Engineering

**Location:** Sunderland

**Country of origin:** Japan

In March 2010, Japanese motor giant Nissan announced that it is to build its new electric car in Sunderland from 2013.

Combined with the company’s decision to also build a battery plant in Sunderland, production of the Nissan Leaf, which aims to be the world’s most affordable mass-produced zero-emission car, represents a £420 million investment in the UK by Nissan. Around 50,000 Leaf cars a year will be produced at the Wearside plant.

Andy Palmer, Senior Vice President at Nissan, said: “Thanks to the UK’s firm commitment to a low-carbon future in terms of infrastructure, customer incentives and educational programmes, the Nissan Leaf will be built in Sunderland, making the UK the third country in the world to produce this revolutionary car.”

[www.nissan.co.uk](http://www.nissan.co.uk)



## IFR AUTOMOTIVE

**Sector:** Advanced Engineering

**Location:** Coventry

**Country of origin:** Spain

Spanish company IFR Automotive recently established a new electronics arm, called Unidrive Technologies, at the University of Warwick Science Park.

IFR, which produces the Aspid, an acclaimed supercar that can reach speeds of 60mph in 2.8 seconds, plans to employ a small local team of 10-15 technology specialists to staff its West Midlands operation.

Ignacio Fernandez Rodriguez, founder of IFR, stated: “The region has a fantastic reputation for automotive manufacturing and much of its workforce cannot stop thinking about cars.

“The local universities, as well as those across the UK, are brimming with talent and new ideas, and the proximity of Birmingham Airport is great for us, as we want to be as easily and quickly connected as possible with Spain and the rest of Europe.”

[www.ifrautomotive.com](http://www.ifrautomotive.com)

**£130 BILLION**

Manufacturing and engineering contributes over £130 billion a year to the UK economy and generates 53 per cent of UK exports



## CREATIVE INDUSTRIES

### Overview

The UK creative industries sector represents one of the UK's most exciting and diverse opportunities for international investors. As a proportion of GDP, the UK has the largest creative industries sector in the world – indeed, 1.1 million people are employed directly in the sector, with a further 800,000 employed in creative jobs in other sectors.

The UK achieved significant international success across the creative industries sector, receiving global recognition in areas such as film, music, television, design, fashion and publishing. In particular, a strategically important achievement for the UK was the announcement by Warner Bros that it intends to invest US\$100 million at Leavesden Studios in Hertfordshire, making it the only Hollywood studio to have a permanent home in Europe.

### Digital games

In digital games, the UK is the largest producer in Europe and the fourth largest globally – the sector contributes £1 billion each year to UK GDP and sustains 27,000 jobs, including over 9,000 highly skilled roles in games development. International digital games companies have continued to invest in the UK over the last year – for example, Rare Ltd (owned by Microsoft) confirmed plans in March 2010 for a new studio in Birmingham to take advantage of the availability of highly skilled graduates, while the UK has proved increasingly attractive to fast-growing digital games companies seeking to expand into the European market from countries such as China, South Korea and Japan. Government support for the UK industry has continued to be strong including, for example, £10 million of public investment in innovative digital games centres of excellence in Manchester and Dundee.

### Software and social media

Over the year, the UK continued to attract software and social media companies seeking to work with traditional media industries and take advantage of UK-based talent, intellectual property and market

leading brands. For example, the Canadian e-publishing innovator Kontexto received expert help to access key markets and source investment opportunities through UK Trade & Investment's (UKTI) "Global Entrepreneur Programme" and its sector specialists. By choosing to locate in London, Kontexto has benefited from being in close proximity to international publishers, advertisers and brands that can utilise their specialised technology.

#### Forward look

Analysis from the National Endowment for Science, Technology and the Arts indicates that the UK creative industries sector will grow by an average of 4 per cent between 2009 and 2013, more than double the rate of the rest of the economy. Of particular benefit to the UK, in maintaining the skills and vitality of the sector, is that almost 100,000 students graduate annually in subjects such as architecture, design, music, fashion, digital media, cinematics and publishing, with a further 300,000 people studying at world-renowned UK institutions such as the Royal College of Art (the world's only dedicated postgraduate centre for art and design) and Central St Martins.

Each part of the creative industries sector has a bright future. For example, the UK continues to be a world leader in sales of TV formats and is the second biggest exporter of TV programming hours, while in music, the UK is the largest market in the European Union and the third largest worldwide. Also, of course, the UK's creative industries sector is set to benefit substantially from the hosting of the Olympic Games in 2012, which is already creating opportunities in architecture, digital media, broadcasting, advertising, publishing and digital games.



## RARE LTD

**Sector:** Creative Industries

**Location:** Birmingham

**Country of origin:** USA

In March 2010, Rare Ltd, a games studio owned by US giant Microsoft, decided to establish a new site in Birmingham.

The facility, based at Fazeley Studios in Digbeth, will be home to 90 staff working on new Rare games and is eventually planned to house a world-class usability laboratory.

Studio head, Mark Betteridge, said: "We need to be much more flexible in how we staff a team and setting up a new facility at Fazeley Studios will help us to do this."

He added: "The support from Advantage West Midlands has been invaluable and helped us to identify and secure a central location surrounded by the type of businesses that will make it a very appealing environment in which to work."

[www.rareware.com](http://www.rareware.com)



## CHANGYOU.COM

**Sector:** Creative Industries

**Location:** London

**Country of origin:** China

In 2009, ChangYou.com, one of China's largest online games companies, established a new operation in London.

Since setting up its base in Hammersmith, the company has employed a number of marketing staff, and hopes to expand further in 2010.

Aileen Yang, ChangYou's General Manager, commented: "UKTI support has been invaluable in helping us establish ChangYou.com in Europe and gain an appreciation of the market and potential partners. For creative content companies, it is always difficult to enter new territories and UKTI has enabled us to speed up our progress and rightly inform our decision making."

[www.changyou.com/en](http://www.changyou.com/en)

## THIRD LARGEST

The UK is the third largest music market globally with more than £1 billion of exports every year





## DEFENCE AND SECURITY

### Overview

The UK defence and security sectors continue to represent significant long-term growth opportunities for the UK economy, with international companies attracted by the UK's open market, competitive supply base and strong government support for research and development (R&D).

### Defence

With approximately 300,000 people working in the sector, defence remains an integral part of the UK's economy, driving innovation and creating jobs for the future – particularly in technologies that were initially developed in defence but subsequently utilised in other commercial sectors. With 11 out of the world's top 100 defence companies being UK-headquartered, and with a further 20 also having significant operations in the UK, international investment activity remained high over the last year with, for example:

- Denmark's Royal TenCate announcing that it had agreed to acquire AML UK, the armour company.
- EADS Astrium, the European space firm, completing its acquisition of 85 per cent of Surrey Satellite Technology, the innovative UK satellite manufacturer.
- French company Thales continuing to build on its investment of over £3 billion in the UK in recent years, including over £100 million in new facilities for its aerospace and unmanned aerial vehicle capabilities.

The UK is the second largest defence exporter in the world, according to recent analysis by UKTI Defence & Security Organisation (UKTI DSO). There are, for example, over 100 UK companies currently engaged in the supply chain for the US Joint Strike Fighter military aircraft. The UK also continues to be renowned globally as a leading location for defence R&D. At present, there are significant opportunities for international companies to exploit UK capabilities in autonomous systems and software and in advanced sensors. A particular opportunity, with long-term implications, is in addressing the



complex technological and regulatory issues that will allow UK airspace to be opened to unmanned aerial vehicles – with the global market forecast to grow from £2.7 billion currently to £3.7 billion by 2016, these technologies have the potential to be applied in sectors as diverse as automated transport systems, homeland security, robotics, manufacturing automation, healthcare and energy.

### Security

The global security market is currently worth approximately £120 billion and will reach £200 billion over the next ten years. The UK security sector supports 18,000 companies, employs 335,000 people and is expected to grow by 7.7 per cent by 2012 – indeed, the UK has one of the most diverse and technically-advanced security sectors in the world, with exceptional strengths in counter-terrorism, border control, transport security, forensics, plus chemical, biological, radiological and nuclear defence.

UK-based companies produce cutting-edge technologies across the full spectrum of security covering the protection of people, assets and critical national infrastructure. There is significant expertise in the security of sporting and other events, such as the Commonwealth Games and G20 Summit, with further opportunities arising from the London 2012 Olympics Games.

### Forward look

The Government intends to undertake a strategic defence and security review that will assess future military requirements against changing global threats – the outcome of this important assessment will provide the framework for future opportunities in the defence and security sectors.



## THALES UK

**Sector:** Defence and Security

**Location:** Llanelli

**Country of origin:** France

In November 2009, Thales UK, part of the global Thales Group, opened a new flagship centre in Wales, in an investment worth more than £1.5 million.

The 200,000 square foot facility, based in Llangennech, near Llanelli, specialises in the hi-tech fit-out of the Ministry of Defence's new fleet of Warthog all-terrain tracked armoured vehicles, which will provide improved protection for British troops in Afghanistan. It will also be used by Thales to undertake the repair, maintenance and upgrading of vehicles already in service.

Alex Dorrian, CEO of Thales UK, said: "The opening marks a significant step in our ongoing investment programme in support of the development of our UK land systems business."

[www.thalesgroup.com/uk](http://www.thalesgroup.com/uk)



## TENCATE

**Sector:** Defence and Security

**Location:** Swindon

**Country of origin:** The Netherlands

In February 2010, Dutch company TenCate bought the Swindon-based armoured materials supplier AML UK.

The acquisition is said to be an important strategic step for TenCate in the formation of a global armour organisation, which will help the company expand its market position in the fields of vehicle, aircraft and naval armour products.

Frank Meurs, Director of TenCate Advanced Armour EMEA, commented: "AML has an excellent reputation as a developer of revolutionary concepts and as an engineering partner. TenCate will be able to contribute much to the further growth of the already well-positioned AML activities."

[www.tencate.com](http://www.tencate.com)

## SECOND LARGEST

The UK is the second largest defence exporter in the world with approximately 300,000 people working in the sector



# ENERGY

## Overview

The UK energy sector provides a range of immediate and dynamic business opportunities for foreign investors. In 2009, £7.03 billion was invested in renewable energy technologies across the UK, the highest level of investment in Europe and the third highest globally.

## Strategic developments in 2009/10

The over-arching energy strategy for the UK is to move towards low carbon energy and to ensure the long-term supply of the nation's energy resources. There were significant facilitating developments that set the framework for stimulating commercial opportunities across the energy sector to meet these strategic themes. Firstly, the launch of the "UK Low Carbon Transition Plan" in July 2009 set out policies to cut carbon emissions by 34 per cent on 1990 levels by 2020 – one of the most progressive targets in Europe. Secondly, the "Renewable Energy Strategy", also launched in July 2009, confirmed the legal requirement for the UK to generate 15 per cent of its total energy through renewable energy sources by 2020 (a significant increase on the 2.5 per cent currently generated).

A further key development over the last year was the launch of the Infrastructure Planning Commission in August 2009. This new and independent planning regime is expected to shorten the approval time for significant infrastructure projects and will be of particular benefit to companies investing in major projects across the energy sector.

Furthermore, the newly created "Feed-in Tariffs", which took effect from April 2010, will serve as the main financial incentive to encourage small-scale energy generation by individuals and businesses – this initiative will provide 2 per cent of the UK's electricity by 2020.

## Offshore wind

The UK is already the world's biggest market for offshore wind and has the potential to employ up to 70,000 people by 2020. The Government is committed to an expansion of the UK's

offshore wind capacity, with the aim to produce up to 32 gigawatts of energy by 2020. In addition, commercial activity is already gaining momentum.

### Marine energy

In March 2010, the “Marine Energy Action Plan” was launched which, when implemented, will provide enough power for up to 15 million homes, saving up to 70 million tonnes of CO<sub>2</sub> by 2050 and creating up to 16,000 jobs. The initiatives arising from this plan will provide the UK with an unparalleled marine energy testing, development and demonstrating infrastructure.

### Nuclear energy

The move to nuclear energy will also provide long term investment opportunities in the UK. In November 2009, the Government announced a list of ten sites potentially suitable for the deployment of new nuclear facilities by 2025, while energy companies have already announced plans to build 16 gigawatts of new nuclear capacity with an expected investment of approximately £40 billion.

### Carbon capture

The carbon capture and storage market provides a further long-term opportunity for the UK – indeed, it is expected to be worth £6.5 billion per year by 2030 and provide employment for up to 100,000 people. International companies are already competing to design the UK’s first carbon capture and storage coal-fired power plant, with demonstration plants expected to be operational by 2015.

### Forward look

The long-term success of the energy sector is of pivotal importance to the UK economy and to the development of a low carbon society. The increasing moves towards utilising offshore wind, waste to energy, solar, marine and nuclear energy sources mean that international companies will continue to find the UK energy sector a highly attractive and long-term investment proposition”.



## ENERNOC

**Sector:** Energy

**Location:** London

**Country of origin:** USA

In 2009, Boston-headquartered EnerNOC (Energy Network Operations Centre), a world-class provider of energy management applications, established a European headquarters in London.

Some 15 jobs were created by this decision, a number which is set to rise substantially as the company expands its European customer base and establishes a planned data centre in the region in 2011.

Commenting on the decision to set up in London, David Brewster, President of EnerNOC, said: “The UK is an attractive market opportunity for EnerNOC. We’re excited to be up and running, working closely with National Grid and leading UK businesses and institutions. Among other benefits, London gives us great access to world-class employees to build our European team.”

[www.enernoc.com](http://www.enernoc.com)



## DUPONT

**Sector:** Low Carbon

**Location:** Hull

**Country of origin:** USA

In November 2009, US chemical company Dupont entered into a joint venture with BP to establish a £25 million technology development centre in Saltend, near Hull.

Working closely with Yorkshire Forward and UK Trade & Investment, the two companies joined forces to form Kingston Research Limited (KRL). This will focus on the commercialisation of the advanced biofuel technology biobutanol at the cutting-edge facility, creating some 27 jobs.

KRL’s General Manager Luc Van Den Hemel said: “Biobutanol is a new lower-carbon fuel and we are excited about demonstrating this technology in the Humberside region. Biobutanol is a biofuel that can be made from all the same crops as bioethanol and can be blended into petrol at higher levels, which means that we’ll be able to introduce biofuels more quickly.”

[www.dupont.com](http://www.dupont.com)

**£4 BILLION**

The UK oil and gas supply chain exports over £4 billion worth of goods and services each year





## FINANCIAL SERVICES

### Overview

Over the last year, the UK financial services sector remained the largest in Europe, while London retained its mantle as the world's international centre of choice for more financial institutions and investors than any other city globally. Indeed, the importance of the sector to the UK economy is clear – over 7 per cent of GDP, generates employment for over one million people, and annual exports of some £50 billion.

### Rankings

In October 2009, the World Economic Forum ranked the UK as having the world's strongest financial system based on a detailed analysis of over 120 variables that included institutional and business environments, financial stability and the size and depth of capital markets. Similarly, the latest Global Financial Centres Index (GFCI 7) published in January 2010 ranked London as the joint leading financial centre worldwide, and London was first outright in the interim GFCI 7.5 figures for the three-month period which followed. London's position was founded on having transacted more international business than any other centre globally in, for example, cross border bank lending, foreign exchange trading and over-the-counter derivatives. And, despite the global economic crisis, the UK insurance industry has maintained its position as the third largest market in the world.

### Structural strengths

Clearly, the UK's wider structural strengths that underpin its status as a leading global financial centre remain in place – including diversity of markets, strong skills base, global orientation, cluster effects including the presence of related businesses such as professional services, and a robust and stable legal system. Indeed, the ongoing strength of the UK financial services sector is why London continues to attract major investment from emerging markets. Examples include India's Religare Capital Markets establishing an investment bank, the opening of a representative office of the China Merchants Bank and Brazil's development bank, BNDES, opening an office in London.



Other parts of the UK are increasingly attracting strategic business units from major international companies.

### Strong market activity

The markets have also been remarkably resilient, with the strength of the UK financial sector reflected in the fact that a record £82.5 billion was raised over 2009 through new and further issues of equity on the London Stock Exchange. Similarly, the Alternative Investment Market continued to perform resiliently, raising £5.3 billion in 2009, a 23 per cent increase on 2008, with money raised through further issues reaching £4.6 billion, a 45 per cent year-on-year increase. In addition, the PLUS market continued to show strong growth with reported trades up 69 per cent to 8.6 million in 2009 and with trade values rising by 45 per cent to £52.86 billion in the same period.

The UK's role and influence in the global financial sector was also particularly evident over the last year. The UK hosted the G20 London Summit where agreement was reached to treble resources available to the International Monetary Fund to US\$750 billion and to establish a new Financial Stability Board with a strengthened mandate. In addition, the UK has led the international discussions on the need for regulatory change on a global scale to restore confidence in the financial services industry. Other examples of UK thought leadership have included the highly-respected Turner Review and the launch of the UK-based International Centre for Financial Regulation.

### Forward look

The UK has a broad and deep financial services sector on which to build for future and long-term market opportunities. London's instinctive internationalism and openness to global business provides a base for expanding markets such as Islamic finance, sovereign wealth fund investment and carbon markets, where London has already established itself as the world's leading location and accounts for approximately 40 per cent of investments globally in offset schemes.



## NYSE Euronext

**Sector:** Financial Services

**Location:** Belfast

**Country of origin:** USA

In October 2009, NYSE Euronext, a leading global operator of financial markets and provider of innovative trading technologies, announced plans to expand its commercial technology unit, NYSE Technologies, in Belfast.

The expansion, which will involve a move into a new state-of-the-art development facility in 2010, will create up to 400 new jobs in the coming years and bring total employment in the Belfast technology centre to over 500.

Head of Belfast Operations, Tony McManus, said: "Northern Ireland's combination of geographic location, cost of doing business and local talent pool have enabled us to build and support market-leading global trading technology. This, combined with Invest Northern Ireland's continued support and the region's investment in the financial services and ICT sectors, convinced us to bring this significant investment project to Northern Ireland."

[www.nyse.com](http://www.nyse.com)



## ODYSSEY FINANCIAL TECHNOLOGIES

**Sector:** Financial Services

**Location:** Glasgow

**Country of origin:** Switzerland

In March 2010, Odyssey Financial Technologies, a global provider of software for private, wealth and asset management for the banking and financial service industries, opened a new office in Glasgow.

The office will serve as a development centre for the company's private wealth management products, closely analysing their strengths and functionality. It will initially employ up to 20 software developers and testers, with a potential increase if market developments are positive.

CEO Greg Conley commented: "Our new development centre in Glasgow marks a significant step in Odyssey's expansion. It will allow us to optimise the amount of high-quality development resources, decrease our time to market for product improvements and further improve the company's competitive positioning."

[www.odyssey-group.com](http://www.odyssey-group.com)

## 300 YEARS

The London Stock Exchange is one of the world's oldest stock exchanges and can trace its history back more than 300 years



## ICT

### Overview

ICT provides one of the most important investment opportunities in the UK economy and acts as a critical enabler to almost every other sector.

The UK is one of the largest ICT markets in Europe, worth almost £120 billion in 2009 and employing over one million people. The sector comprises a higher number of multinational ICT companies than countries such as Germany and France – businesses benefit particularly from the UK having the strongest ICT skills in Europe (according to the Economist Intelligence Unit) and the highest number of ICT graduates annually in Western Europe (according to the OECD).

Independent assessments have continued to rate the UK as having a world-class ICT infrastructure – for example, the 2010 “Connectivity Scorecard” by Nokia Siemens Networks ranked the UK as the top major European location for ICT (assessed on the deployment of ICT infrastructure and the extent to which governments, businesses and consumers make use of connectivity technologies to enhance social and economic prosperity). In addition, in March 2010, the World Economic Forum rated the UK as having the most “networked economy” of all major European countries.

### Digital communications

Ofcom published its “International Communications Report” in December 2009 which confirmed that the UK has one of the strongest digital telecommunications sectors globally – the analysis found that the UK leads the world in the take up of digital television and has the largest market in Europe for flat screen TVs and mobile telephones.

Importantly, the UK secured a number of ground-breaking technological investments from major international ICT companies, including Europe’s first 3D television service launched by Sky.

## Software and IT services

The UK software market is currently worth approximately £9 billion, while the UK IT services market is valued at over £34 billion.

Over the last year, the software and IT services markets have continued to be driven by regulatory change (particularly in sectors such as financial services) and the need for companies to demonstrate business improvement and efficiency savings. The UK has won several major investments from leading international companies over 2009/10, including IBM, which opened a 400 person analytics centre in London and Wipro, the Indian IT services company, which expanded its UK operations by opening a new headquarters in London and extending its development centre in Reading.

### Forward look

The future for the UK ICT sector remains bright – independent research by Microsoft has indicated that the UK's IT market could drive the creation of 2,500 new businesses and 78,200 new jobs by 2013. While there are significant immediate opportunities for international media technology companies in the run up to the UK's hosting of the 2012 Olympic Games, international companies will continue to invest in the UK over the next decade due to the wide range of innovative and fast growing opportunities in security, cloud computing, assisted living and digital advertising.



## TALEND

**Sector:** ICT  
**Location:** Maidenhead  
**Country of origin:** France

Talend, a French-owned market leader in open source data integration software, recently opened an office in Maidenhead, Berkshire, initially creating 16 jobs.

The company, which achieved record revenues in 2009 and aims to double its size this year, intends its British base to serve as an international hub for its business in the UK, the Nordics and the Middle East.

Talend received considerable support from the South East England Development Agency (SEEDA) through its Thames Valley UK LaunchPad programme. Assistance included connecting Talend to experienced legal and property service providers and identifying suitable office space.

Martin James, UK Sales Director for Talend, said: "We would recommend the support of SEEDA and their Thames Valley UK LaunchPad initiative to any technology business considering setting up in the UK."

[www.talend.com](http://www.talend.com)



## RAONA

**Sector:** ICT  
**Location:** London  
**Country of origin:** Spain

Leading multinational software engineering and IT consultancy Raona recently established an office in the City of London, adding to its operations in Barcelona, Madrid and Argentina.

Adrian Willis, Director of Raona, said: "Raona was keen to be seen as a global company and London was seen as a key location to deliver this international image. We also saw it as having the potential to grow into a large market.

"Since opening the London office, we have managed to establish the Raona name and have established some key customers, including Investec Bank, News Corp, Harper Collins and NSPCC. We anticipate having 50 employees in the city by January 2011 and plan to expand this to 200 within three years."

[www.raona.com](http://www.raona.com)

**£5 BILLION**

The UK computer services industry exported £5 billion of services globally

## LIFE SCIENCES



### Overview

The UK life sciences sector maintained its global position as a market leader for research and development (R&D) and high-value manufacturing. UK scientists and companies have continued to be at the international forefront of developments in areas such as regenerative medicine, stem cells, biologics, obesity, diabetes, cardiovascular diseases, asthma, paediatrics and medical technologies.

The UK sector employs over 120,000 people and is home to many of the world's leading life sciences companies – indeed, over the last 12 months, world-class companies such as Novo Nordisk and Inverness Medical have made strategic investments in the UK.

With over £13 million spent each day on R&D, the UK has one of the world's most productive life sciences research bases, having created five of the world's top 20 best-selling medicines and having 45 per cent of all pipeline products in Europe. Future success for the sector is set as well, with the UK continuing to produce the highest number of life sciences graduates annually in Western Europe (according to the OECD) and having two of the world's top three universities in life sciences and biomedicine.

The UK also continues to benefit from a globally admired regulatory regime, with two internationally recognised product approval agencies being UK-based. In clinical trials, plans were announced over the last 12 months to double the number of patients involved in clinical research in England by 2015, providing further opportunities for international life sciences companies.

### Life Sciences Blueprint

In July 2009, the Office for Life Sciences published the “Life Sciences Blueprint” which set out an ambitious and comprehensive set of measures to transform the UK operating environment for the sector (in January 2010, this was followed up by the “Life Sciences 2010” document which provided an update on progress). The key measures in the Blueprint



span a wide range of policy areas that include:

- Access to the NHS – including encouraging the NHS to adopt innovative medicines and technologies more systematically.
- Access to finance – particularly for the medical biotechnology sector.
- Incentivising innovation – to support companies to invest in innovative activity and locate in the UK.
- Skills – to support graduates with relevant skills and knowledge to work in the industry.
- Improved collaboration across industry, academia and the NHS – particularly in the area of translational medicine to drive clinical benefit from innovative research.

#### Forward look

With the NHS being one of the largest purchasers of life science products in the world and accounting for 85 per cent of UK healthcare delivery, the market opportunities for innovative foreign companies will continue to remain strong, particularly in areas such as healthcare and medical technologies. The UK is committed to continuing its support of highly innovative activity in the life sciences sector, with companies able to seek investment from the newly created “UK Future Technology Fund” which has an initial £200 million to invest in high growth potential technologies.

In 2010/11, Government investment in health and biomedical research will reach £1.7 billion, provided mainly through the Medical Research Council and the National Institute for Health Research. Indeed, the Government is supporting the Medical Research Council (in partnership with Cancer Research UK, University College London and the Wellcome Trust) to create the £600 million UK Centre for Medical Research and Innovation which will become one of the world’s leading medical research centres.



## NESTOR (UK) LTD

**Sector:** Life Sciences  
**Location:** Mildenhall  
**Country of origin:** India

In 2009, Nestor Pharmaceuticals, an Indian-owned manufacturer and exporter of prescription drugs, decided to expand its UK headquarters, based in Mildenhall, Suffolk.

With business thriving, the company has decided to increase the number of employees from 30 to 100 over the next three years.

Nestor director Kamelesh Patel says: “Our Mildenhall facility gives us access to local manufacturing expertise, flexible packaging solutions and excellent transport links.

“Nestor is not only growing its product portfolio, but also increasing its customer base in the UK, Europe and West Africa, which allows us to put further investment into the facility.”

EEDA Invest and UKTI have assisted Nestor with information and relationship building in the UK and India since 2005.

[www.nestorpharma.com](http://www.nestorpharma.com)



## NOVUS BIOLOGICALS

**Sector:** Life Sciences  
**Location:** Cambridge  
**Country of origin:** USA

In April 2009, Novus Biologicals, a Colorado-based company supplying over 70,000 antibodies and related research products to the scientific community, decided to establish its new European distribution hub in Cambridge.

CFO Todd Padgett said: “We looked at a lot of possible locations in Europe for this new office, but Cambridge was the equal, or superior, to all in terms of science base and provided better access to our customers.

“We have six partners in the Cambridge area alone and there are others within the biotech cluster that we have been keen to gain access to.

“We also like the cluster of science and research parks in the Cambridge area. These could provide the basis for further growth for Novus as we move forward.”

[www.novusbio.com](http://www.novusbio.com)





## LOW CARBON

### Overview

The business opportunities arising from the UK's transition to low carbon technologies extend across the entire economy. The UK is already the sixth largest low carbon environmental goods and services market in the world, worth an estimated £112 billion and employing over 900,000 people. Over the next five years, this market will have one of the UK's fastest growth rates, rising by 4 per cent per annum, with employment forecast to reach over 1.2 million by 2015.

To date, the UK's policy has been to encourage innovative business opportunities in green markets while nurturing the development of wider low carbon supply chains. In particular, the UK has supported sectors and technologies where targeted interventions are able to transform existing strengths into long-term competitive advantages – this approach has been applied not only in traditional low carbon sectors such as wind and marine technologies, but also in areas such as low carbon construction, low carbon aerospace and even in business and financial services, chemicals and industrial biotechnology.

### Key areas of opportunity

Particular areas of opportunity in low carbon for the UK include:

- Offshore wind power – where the UK is the largest market globally.
- Wave and tidal power – where the UK is the largest market in Europe and has strengths across the entire supply chain.
- Ultra-low carbon vehicle technologies – where the UK is positioning itself as a world leader.
- The carbon capture and storage market – which is expected to be worth £6.5 billion per year in the UK by 2030 and provide employment for up to 100,000 people.

- Civil nuclear power – where the UK is developing the long-term skills and supply chain capabilities to be at the forefront of the global industry (through initiatives such as the establishment of the Nuclear Advanced Manufacturing Centre led by the University of Sheffield and supported by leading-edge companies including Rolls-Royce).

To take advantage of the full range of low carbon opportunities, UK Trade & Investment, in conjunction with businesses across all sectors, has recently launched the “UK Low Carbon International Marketing Strategy” to promote the UK as the low carbon hub for international trade and investment.

#### Ground-breaking investments in 2009/10

Over the last year, international companies made significant long-term commitments to world-leading low carbon investment projects in the UK. These included Nissan’s plans to produce both ultra-low carbon cars (the Leaf) and lithium-ion batteries in the North East of England.

#### Forward Look

The Copenhagen Accord, agreed in January 2010, reinforced the need to move to a global low carbon economy and identified significant new low carbon investment opportunities – indeed, the global market is predicted to grow from £3 trillion currently to £4.3 trillion by 2015. The objective for the UK is to become the global destination of choice for low carbon investment and a leading exporter of low carbon business solutions, creating high-value jobs and building a 21st century low carbon economy.



## WES INTERNATIONAL LIMITED

**Sector:** Low Carbon  
**Location:** London  
**Country of origin:** USA

Technical consulting firm WES International established its worldwide headquarters in London after receiving support from the Global Entrepreneur Programme (GEP).

The company set up in the capital after its innovative proprietary air filtration technology, the Aqueous-Froth CO<sub>2</sub> Scrubber (AFCO<sub>2</sub>), was designated a technology of exceptional potential by the GEP.

President and CEO Frank J Huebner said: “The UK has been directly involved in supporting the discovery and incubation of some of the world’s most significant innovations.

“It offers benefits such as a favourable tax regime, an educated workforce, well-developed intellectual property protection, easy access to financial markets and excellent international growth opportunities.”

[www.wes-worldwide.com](http://www.wes-worldwide.com)



## TELEHOUSE

**Sector:** ICT  
**Location:** London  
**Country of origin:** Japan

In March 2010, data centre provider Telehouse, a subsidiary of Japan’s KDDI Corporation, opened a flagship green data centre in London’s Docklands.

The £80 million facility, known as Telehouse West, will provide 19,000 sq metres of secure storage space for UK businesses and will act as a connection hub to over 60 available carriers and over 300 ISPs. It will also help companies reduce their carbon footprint by exporting waste energy to help heat nearby homes and businesses.

Michelle Reid, Sales and Marketing Director of Telehouse, said: “Telehouse West offers UK businesses access to the latest services, including KDDI’s global network infrastructure and range of end-to-end services. It will also help UK businesses achieve their commitments to the forthcoming Carbon Reduction Commitment (CRC) legislation.”

[www.telehouse.net](http://www.telehouse.net)

**£112 BILLION**

The UK low carbon and environmental sector is worth an estimated £112 billion and employs over 900,000 people



# OUR TEAM

## SUPPORTING INTERNATIONAL BUSINESS SUCCESS

### World-class network

UK Trade & Investment (UKTI) is the Government Department that helps UK-based companies succeed in the global economy, and helps overseas companies bring their high quality investment to the United Kingdom. It brings together the work of the Foreign and Commonwealth Office (FCO) and the Department for Business, Innovation and Skills (BIS). It works closely with both, and a wide range of other government departments.

A truly international organisation, UKTI has specialist teams working in British embassies, consulates and high commissions in 96 countries across the world, and in teams across the United Kingdom, dedicated to meeting the needs of today's global and knowledge driven companies.

### Working with investors

UKTI targets overseas businesses to locate or expand in the UK and to develop their business internationally. The focus and determination of its staff and the expert services they provide have helped deliver sustainable inward investment growth for the UK in spite of the continuing challenging economic climate.

Working across government, UKTI helps hundreds of firms each year from high technology start-ups to multinational industry giants, bring high-quality investment to the UK. UKTI advises on the UK as a potential business location, as a location for European and

international headquarters operations and as a springboard for global growth

UKTI can provide information on where and how to set up in the UK, help with finding partners and accessing financial incentives, providing introductions to key contacts and access to professional service organisations. Dedicated staff ensure that companies can access information, advice, practical support and contacts that will make establishing or expanding a UK presence much easier. These staff will also continue to work with established investors to provide support with new business opportunities and help represent them across government.

UKTI also works closely with the private sector, with, for example, law firms, accountants and real estate agents represented within the UK Advisory Network of Intermediaries. This collaborative effort is a crucial factor in securing and consolidating high-value inward investment for the United Kingdom and amounts to an extensive national and international network, which is able to work with inward investors at all stages of their decision-making cycle.

### Structure overview

The Directorate for Investment, as part of UKTI's Business Group, leads the national effort to maximise inward investment (and specifically foreign direct investment) into the UK. Five industry sector focused Investment Project Teams, including a range of business specialists, work closely with UKTI's overseas teams and its national, regional and private sector partners to

attract, retain and add value to inward investment across the United Kingdom. There are dedicated inward investment resources in 33 markets globally.

These teams, in the United Kingdom and around the world, and their partners, work with potential investor companies focusing particularly on the highest value inward investment opportunities. They influence decisions to invest in the United Kingdom, promote the development and expansion of existing investments, help establish the United Kingdom as a springboard for global growth, and act as a business friendly launch point and headquarters base into new markets for established investors.

A Strategy Team underpins the collaborative working of the UKTI global network with the devolved administrations of Northern Ireland, Scotland and Wales, and the regions of England. The team also works with UKTI's Business, Marketing and Sectors Groups to develop high quality, targeted information for investors about the United Kingdom business environment. This includes sophisticated location benchmarking quality and cost comparisons and return on investment financial modelling reports on comparative location decisions.

The Global Entrepreneur Programme works principally with high value entrepreneurs and early stage technology companies from around the world to globalise and grow their businesses from a United Kingdom hub. This work is delivered with a small



head office team and a series of global “dealmakers” who are themselves highly successful entrepreneurs (see page 17).

An International Services Directorate provides a range of key capabilities. These include a team of research and development (R&D) business specialists who help innovative investors in the science and technology sectors to take full advantage of the resources available in the United Kingdom’s world renowned universities, science parks and R&D facilities. They can also access up-to-date information on R&D support, policy and initiatives and explore collaborative international business opportunities (see pages 12-15).

Finally, an Investor Development Network is co-ordinated from the International Services Directorate. The network provides continuing engagement with overseas companies which have already established themselves in the United Kingdom. It works with the English regions, devolved administrations and BIS to deliver this and to develop a deep understanding of investment drivers such as planning, transport infrastructure, migration and skills availability and, in partnership with BIS and the FCO, to lobby on these and other business issues that concern inward investors (see page 16).



# GLOBAL INVESTMENT NETWORK

With professional advisers across 96 international markets, UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy and assists overseas companies in bringing their high quality investment to the UK. UK Trade & Investment has dedicated inward investment resources in 33 markets globally.

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## ASIA PACIFIC AND AFRICA

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# WORKING IN PARTNERSHIP ACROSS THE UK

UK Trade & Investment works in close partnership with the regional development agencies in England and the development agencies of Northern Ireland, Scotland and Wales.

## INVESTMENT CONTACTS

- East**  
East of England International  
[www.eedainvest.org.uk](http://www.eedainvest.org.uk)
- East Midlands**  
East Midlands Development Agency  
[www.emda.org.uk](http://www.emda.org.uk)
- London**  
Think London  
[www.thinklondon.com](http://www.thinklondon.com)
- North East**  
One North East  
[www.onenortheast.co.uk](http://www.onenortheast.co.uk)
- North West**  
Northwest Regional Development Agency  
[www.nwda.co.uk](http://www.nwda.co.uk)
- Northern Ireland**  
Invest Northern Ireland  
[www.investni.com](http://www.investni.com)
- Scotland**  
Scottish Development International  
[www.sdi.co.uk](http://www.sdi.co.uk)
- South East**  
South East England Development Agency  
[www.seeda.co.uk](http://www.seeda.co.uk)
- South West**  
South West of England Regional Development Agency  
[www.southwestrda.org.uk](http://www.southwestrda.org.uk)
- Wales**  
International Business Wales  
[www.internationalbusinesswales.com](http://www.internationalbusinesswales.com)
- West Midlands**  
Advantage West Midlands  
[www.advantagewm.co.uk](http://www.advantagewm.co.uk)
- Yorkshire & Humber**  
Yorkshire Forward  
[www.yorkshire-forward.com](http://www.yorkshire-forward.com)

## TRADE CONTACTS

- East**  
International Trade Team  
[www.ukti.gov.uk/export/eastofengland](http://www.ukti.gov.uk/export/eastofengland)
- East Midlands**  
International Trade Team  
[www.ukti.gov.uk/export/eastmidlands](http://www.ukti.gov.uk/export/eastmidlands)
- London**  
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[www.ukti.gov.uk/export/london](http://www.ukti.gov.uk/export/london)
- North East**  
International Trade Team  
[www.ukti.gov.uk/export/northeast](http://www.ukti.gov.uk/export/northeast)
- North West**  
International Trade Team  
[www.ukti.gov.uk/export/northwest](http://www.ukti.gov.uk/export/northwest)
- Northern Ireland**  
Invest Northern Ireland  
[www.investni.com](http://www.investni.com)
- Scotland**  
Scottish Development International  
[www.sdi.co.uk](http://www.sdi.co.uk)
- South East**  
International Trade Team  
[www.ukti.gov.uk/export/southeast](http://www.ukti.gov.uk/export/southeast)
- South West**  
International Trade Team  
[www.ukti.gov.uk/export/southwest](http://www.ukti.gov.uk/export/southwest)
- Wales**  
International Business Wales  
[www.internationalbusinesswales.com](http://www.internationalbusinesswales.com)
- West Midlands**  
International Trade Team  
[www.ukti.gov.uk/export/westmidlands](http://www.ukti.gov.uk/export/westmidlands)
- Yorkshire & Humber**  
International Trade Team  
[www.ukti.gov.uk/export/yorkshireandthehumber](http://www.ukti.gov.uk/export/yorkshireandthehumber)





## VOICES FROM THE NETWORK

### Dr Simon Goon

*Head of Business Investment,  
One North East*

“I have responsibility for attracting sustainable foreign investment to the North East in collaboration with UKTI and regional innovation partners. In addition, I support regional business via the Strategic Account Management (SAM) programme and One North East’s financial support programmes, and oversee the digital, commercial, creative and energy sectors. I also chair the cross-RDA Shanghai Expo Group.

“My main aim is to create more businesses, in a greater diversity of sectors and employing more people. I also seek to help businesses already in the region become stronger and more innovative.

“In my day-to-day activities, I get to meet a wide variety of companies, at various stages in their development, based all across the region. This is something that I find intellectually stimulating, inspiring and challenging.”



### Gita Krishnankutty

*Senior Trade & Investment Adviser,  
British Deputy High Commission,  
Bangalore, India*

“I focus on selling the UK to potential investors in South India, covering four dynamic states which all have huge potential for ICT, life sciences, engineering and the creative industries.

“This was another record year for our region – my team and I supported 18 companies to set up offices and expand in the UK. So established are our relationships with local businesses that most of our new projects come through referrals.

“It is a near impossible task to choose one key factor that underpins why I so like what I do. But what probably exemplifies this job more than anything else is people. It is what is sacrosanct to what we do and how we do things. Being valued and appreciated by the people I have worked with, all these years, has kept me continually sensitive to the customer.”



### Anthony Arkle

*Senior Account Manager, Environment,  
Energy and Infrastructure*

“My role is to increase inward investment to the UK in the energy, environment and infrastructure sectors. I joined this team in September 2009, having previously spent four years overseas in Singapore.

“Although I get involved in investment projects in all the sectors we cover, the key focus of our work is renewable energy. The UK has tough targets to generate 15 per cent of its energy from renewable sources by 2020. The UK is looking to develop the offshore wind industry, which could produce over 50,000 jobs in the coming years, and it is vital that we are successful in attracting international companies here.

“One of the key highlights for me was being involved in the Government’s efforts to attract major wind turbine manufacturers here which is crucial to the UK developing a world class offshore wind industry.”





## MENICON

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**Sector:** Healthcare

**Location:** Northampton

**Country of origin:** Japan

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Japanese contact-lens manufacturer Menicon recently made a multi-million acquisition of Northampton firm David Thomas Contact Lenses Ltd (DTCL).

The decision to invest, which supports Menicon's plans for expansion in the UK, the Middle East and Africa, was further embedded after the company received assistance from the East Midlands Development Agency (emda) and UKTI experts in Osaka and the UK.

Dr. Hiderani Tanaka, President of Menicon, said: "We have watched DTCL evolve into a leading specialty lens manufacturer in the UK and we see great potential to work together with the company to grow Menicon's business in this very important market. The quality of its products and the business model fits very well into our company culture."

[www.menicon.com](http://www.menicon.com)



## Solutions for Business

Funded by  
UK Government

Developing your international trade potential is one of a range of UK Government support initiatives called Solutions for Business (SfB). The “solutions” are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy.

We also help overseas companies bring their high-quality investment to the UK’s dynamic economy – acknowledged as Europe’s best place from which to succeed in global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

For further information please visit [www.ukti.gov.uk](http://www.ukti.gov.uk)  
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