

UK INWARD INVESTMENT 2008/2009
REPORT BY UK TRADE & INVESTMENT

UK – YOUR SPRINGBOARD FOR GLOBAL GROWTH

Hit the world running ^{UK}



PelicanCorp

Sector: ICT

Location: West Midlands

Country of origin: Australia

In 2008, PelicanCorp, a Melbourne-based provider of ICT solutions for the protection of underground assets, decided to set up a new UK company in Warwick after receiving support from Advantage West Midlands.

The company offers a service named “BeforeUdig”, which is designed to assist both contractors and utilities to request Underground Asset Plans before commencing on-site work. The new firm is expected to create some 15 jobs in the next few years.

PelicanCorp’s Marcus Edwards said: “The West Midlands was an ideal location at the heart of the UK to establish the new business. We had terrific support from Advantage West Midlands, both from its office in Melbourne and from its Inward Investment team in the UK which gave us advice as we set up the company.”

www.beforeudig.co.uk

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I am very pleased to introduce this report on foreign direct investment into the UK for the financial year 2008/09. It comes at a time when the full impact of the world economic slowdown is still being felt and the results published here are an excellent example of how UKTI continues to deliver real benefits for the UK economy.

Last year was an extremely difficult one for the global economy and we remain in uncertain times for the coming year. We are experiencing some of the toughest business conditions and biggest changes for generations. However, the UK possesses a high level of resilience as well as significant strengths to help it through these challenging times.

If we are to maintain our position as Europe's top inward investment location we must continue to support a strong and open business environment, with appropriate regulation, world-class talent and a flexible workforce, which fosters confidence, high-level skills, innovation, creativity and success. In four months as Minister I have seen many industry sectors and individual businesses where we are world leaders.

Inward investment will help us to grow our way out of the recession and speed our recovery. The Prime Minister and the Government are determined to ensure that the UK provides the most stable and attractive business environment for overseas investment.

There has been Government action to stabilise the financial system, stimulate the economy and get lending moving again. Access to finance is critical. The City of

London will remain a global hub for financial services. The UK also needs to preserve a strong environment for venture capital and we have to spread the message that we are a centre of excellence in business acumen, world-class science, capital flows and investment, facilities and infrastructure, and international networks.

As this report shows, the UK is an attractive investment location and our national FDI performance continues to be strong. We are outperforming our European competitor nations. We must remain forward looking and meet the challenges of the global, post-recovery, investment climate.

I want to express my appreciation to the UK investment network; to UKTI staff, our development agency partners in the UK, the devolved administrations, staff overseas and to the private sector intermediaries and professional firms for their work over the past year. And there is the work of the recently appointed Business Ambassadors who are presenting the business benefits of the UK across the world.

I look forward to continuing to work with all those involved in bringing new businesses into the UK and adding value to those already here. The Government's role remains as ever, to help build the most dynamic and competitive UK economy possible and create the best environment for companies to succeed.



LORD DAVIES OF ABERSOCH
MINISTER FOR TRADE,
INVESTMENT AND BUSINESS

L. Mervyn Davies

The year to March 2009 has set another record for inward investment projects into the United Kingdom. We have continued to attract high-quality and high-value inward investment. In securing 1,744 inward investment projects the UK has maintained its standing as the number one investment location in Europe. And UK Trade & Investment has shown its strength as the national inward investment promotion agency, working with its regional economic partner agencies and businesses throughout the UK and across the world. The effect of the international banking crisis and "credit crunch" on economies, investor companies and on investment activity around the world has been plain to see. Amid all this, the UK is performing ahead of its major competitors.

UKTI's five-year strategy "Prosperity in a changing world" underpins our inward investment and trade development operations. It promotes the UK as the place in which and from which to do business. UKTI is working to encourage UK and overseas UK-based companies to seize the opportunities of globalisation. Forward-looking investors see the UK as their springboard to global growth – whether into Europe, the Americas or Asia and the Pacific. Investors, whether international companies or individual entrepreneurs, come to the UK from across the world because they can add value to their operations.

To ensure that the UK is able to maintain its leading position in Europe with the most open and best business environment for investors, UKTI will continue to focus on securing investment in sectors where this country has the strongest international offer. Our reputations in the

creative industries, life sciences, ICT, the energy sectors, advanced engineering, and research and development are outstanding, well deserved and hard won.

I am proud of the job UKTI has done so far. And I am confident that we will continue to perform highly in the future. UKTI is not only working hard to maximise the investment opportunities available during this difficult period, it is also preparing for the global recovery. Over the last year we have moved resources to where they are most productive for UK-based business. We will work closely with investment intermediaries and investment partners in the UK and overseas to help rebuild confidence.

UKTI has a critical role to play in maintaining the UK's success as an investment location, and is the country's go-to source for international investment intelligence. I would like to thank Brian Shaw and all the members of UKTI's Business Group, here in the UK and abroad, for their work over the past year. The successes set out in this report have been made possible by the experience and resilience of the investment teams in both UKTI and its investment partners in the UK and around the world, who have risen to meet the challenge set by declining international investment activity.

We can meet the challenges of the year ahead and seize the opportunities of recovery when it comes. It will not be an easy task. But I am confident that UKTI and our inward investment partners will deliver strongly for the UK economy.



ANDREW CAHN
CHIEF EXECUTIVE
UK TRADE & INVESTMENT

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



BRIAN SHAW
 MANAGING DIRECTOR, BUSINESS
 UK TRADE & INVESTMENT

In these challenging economic times, the UK has maintained its position as a world-class destination for foreign direct investment (FDI).

We enjoyed another strong inward investment performance in the year to March 2009, building on the impressive results achieved in previous years.

This is not surprising, given the excellence of what the UK has to offer inward investors. We have first-class facilities and infrastructure, an internationally renowned science and innovation network, high levels of capital flows and investment, powerful support structures and world-beating business acumen.

The unprecedented total of 1,744 FDI projects from 53 countries was

recorded in the UK during the year, an 11 per cent increase on 2007/08 and a fifth successive year of growth. Of the investment projects, 47 per cent were new investments, with the balance split equally between expansions and mergers, joint ventures and acquisitions.

This performance underlines the UK's continuing status as the number one inward investment location in Europe and globally second only to the USA. This in a year where the latest UNCTAD figures confirmed the UK to be ahead of the global competition in receipt of US\$1,348 billion of stock with a global market share of 8.9 per cent.

In total, inward investment activity in 2008/09 created and safeguarded more than 78,000

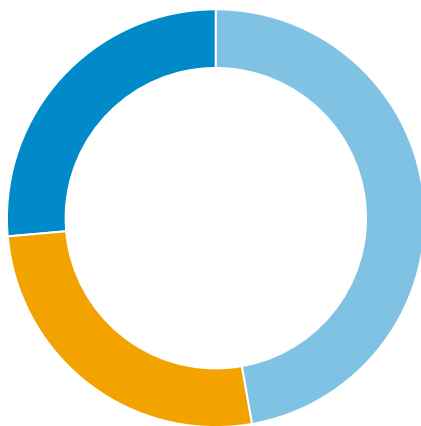
**UK INWARD INVESTMENT
 SUCCESS BY COUNTRY 2008/09**

COUNTRY	PROJECTS	NEW JOBS
USA	621	12,888
INDIA	108	4,139
FRANCE	101	2,765
GERMANY	86	2,304
CANADA	83	754
JAPAN	81	1,405
AUSTRALIA	65	943
CHINA	59	607
IRELAND	57	2,056
SWITZERLAND	50	723
ITALY	48	752
SWEDEN	47	578
REST OF EU	155	2,987
REST OF WORLD	183	2,210
TOTAL	1,744	35,111

Source: UK Trade & Investment

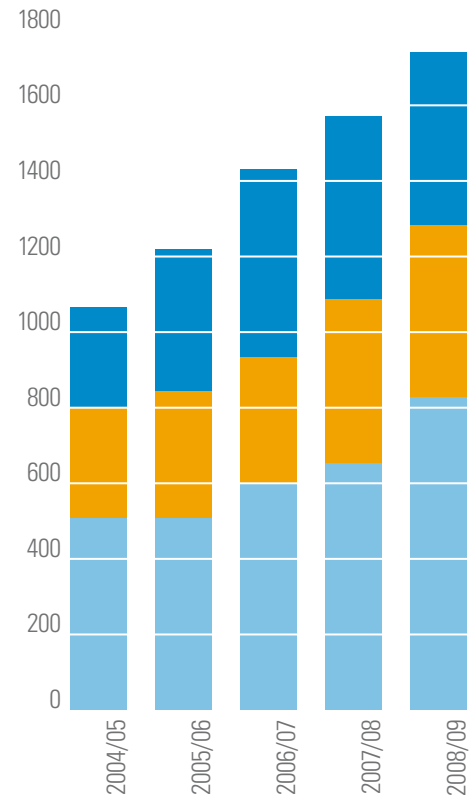
UK INWARD INVESTMENT BY CATEGORY 2008/09

NEW	827
EXPANSIONS	460
M&A (INC JVS)	457
TOTAL	1,744



Source: UK Trade & Investment

UK INWARD INVESTMENT BY CATEGORY 2004/05 TO 2008/09



Source: UK Trade & Investment

jobs – approximately 35,000 newly created and approximately 43,000 safeguarded. These figures, although down on last year, are nonetheless encouraging especially given the prevailing economic climate.

New investment projects grew by an impressive 26 per cent over 2007/08, while the number of expansions increased by 5 per cent, demonstrating that the UK continues to be perceived internationally as having the right environment for investors to grow in. Mergers, joint ventures and acquisitions were down 6 per cent.

Investment performance was strong across a wide range of sectors, including ICT and life sciences. Significant increases were reported in creative industries,

software and computer services and business services, reflecting the UK's continuing excellence in these areas. Moreover, despite the current difficulties affecting the world's banking industry, the UK's financial services sector attracted 20 per cent more investment projects than in 2007/08. This success is underpinned by the UK's open market and confidence in London's role as a leading international financial centre.

The UK continues to be a leading centre for headquarters operations. Two hundred and fifty companies established headquarters operations here in 2008/09, a slight increase on the year before, creating and safeguarding over 7,900 jobs. Contact centre projects increased by 30 per cent, again representing over 7,800 associated jobs.

Service sector projects were up by 26 per cent, while manufacturing investment increased by 18 per cent – accounting for 327 projects and over 28,000 associated jobs. The UK continues to be in the top six leading manufacturing nations in the world.

The UK is attracting investment from more countries than ever before. We received FDI from 53 countries in 2008/09, up from 48 the previous year, underlining the UK's status as a springboard for global growth.

The United States was again the source of the largest number of investment projects, accounting for over 35 per cent of all investment. There were 30 per cent more projects from the USA in 2008/09 than in the previous year.



**UK INWARD INVESTMENT
PROJECTS BY SECTORS 2008/09**

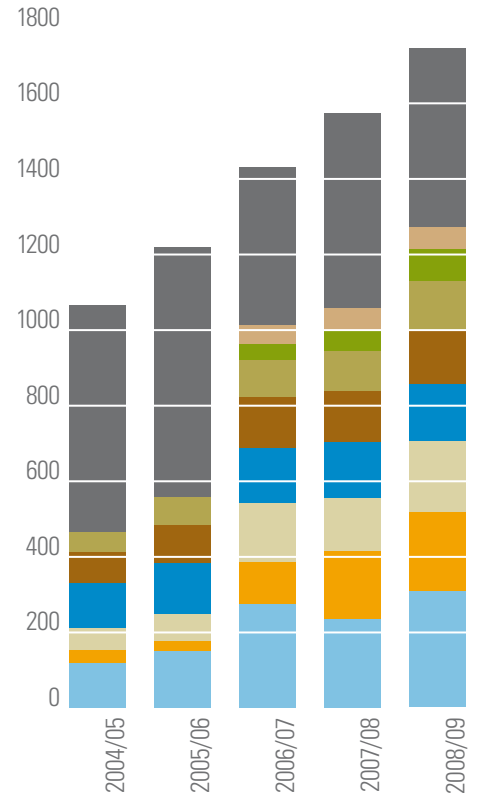
SOFTWARE	306
ADVANCED ENGINEERING*	211
BUSINESS SERVICES	187
ICT	152
LIFE SCIENCES	140
FINANCE	130
CREATIVE & MEDIA	89
ENVIRONMENTAL TECHNOLOGY	56
OTHER	473
TOTAL	1,744

*Advanced engineering sector reclassified in 2008/09



Source: UK Trade & Investment

**UK INWARD INVESTMENT
PROJECTS BY SECTORS
2004/05 TO 2008/09**



Source: UK Trade & Investment

Companies from markets across the globe increasingly see the UK as an ideal hub for their international ambitions. Key examples are Italy, India and the Gulf, whose investments into the UK increased by 45 per cent, 44 per cent and 25 per cent respectively last year. There were also notable increases in FDI projects from Canada and France, while the UK is also attracting consistent levels of investment from China.

Looking ahead

There is no room for complacency. There are many significant challenges ahead, not least the ongoing global financial turbulence.

However, the UK, with its open and supportive investment environment, global connections, access to sophisticated capital markets and

a world-class skills and technology base, is well placed to take advantage of future opportunities.

And hosting the 2012 Olympic and Paralympic Games is a key differentiator for the UK's FDI proposition. We will take advantage of this window of opportunity to maximise the benefits which our host status affords us.

Pivotal partnerships

We will be helped by our partners in the UK and overseas, whose exceptional efforts have once again enabled us to deliver another world-class inward investment performance. The nine English regional development agencies, the devolved administrations in Scotland, Wales and Northern Ireland and our private sector partners, have all played an

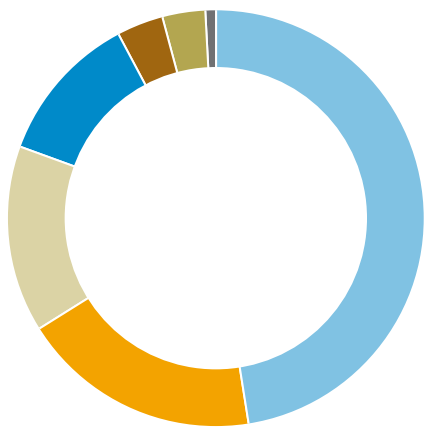
invaluable role in attracting such high levels of FDI.

We have expanded and enhanced our private-sector network through our UK Advisory Network (UKAN) initiative. We have also introduced a concessions programme giving UKTI clients access to concessionary rates with some UKAN members. Further expansion of our business network is essential if we are to capitalise on new opportunities.

UKTI has refreshed its global inward investment operation, with the UKTI Directorate for Investment at the heart of the network. This will provide a powerful basis for the most effective possible co-operation with all delivery partners. I am confident that, together, we can continue to produce excellent results for the UK.

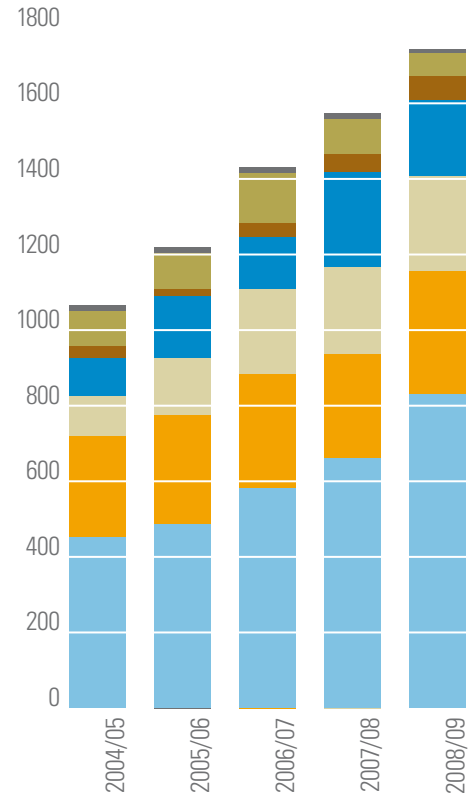
**UK INWARD INVESTMENT
PROJECTS BY OPERATION TYPE 2008/09**

SERVICES	830
MANUFACTURING	327
HQ	251
R&D	202
CONTACT CENTRES	65
DISTRIBUTION	59
E-COMMERCE	10
TOTAL	1,744



Source: UK Trade & Investment

**UK INWARD INVESTMENT
PROJECTS BY OPERATION TYPE
2004/05 TO 2008/09**



Source: UK Trade & Investment

Its status as an Olympic and Paralympic host nation will also help the UK remain one of the world's leading FDI destinations. The London 2012 Games have the potential to attract inward investment to the UK's shores and deliver new business partners for UK firms. The Games can act as a catalyst to inspire businesses throughout the UK to unleash their potential, to grow and to internationalise.

Hosting the 2012 Games and the delivery of the Games' legacy objectives is a huge task – but one which, if undertaken successfully, will have a powerful impact on the economy and the UK's global profile.

The UK Trade & Investment network is working alongside a range of

Government and business partners to ensure that the 2012 Games are a success for business.

The Olympic Delivery Authority and the London Organising Committee of the Olympic Games expect to allocate over £6 billion of contracts as part of an estimated 75,000 future business opportunities to supply chains over the next three years.

London's hosting of the 2012 Games is already having an influence on the activities and strategic decisions of overseas companies. We are already hearing of international firms that are considering setting up or expanding their UK operation to best position themselves to secure London 2012 contracts.

COMPANIES FROM ALL OVER THE WORLD HAVE INVESTED IN THE UK, MANY OF THEM USING IT AS A BASE FOR FURTHER INTERNATIONAL EXPANSION OR TO ACCESS ITS R&D CAPABILITY

Image courtesy of the Olympic Delivery Authority

The Americas

The USA increased its supply of FDI projects to the UK by 30 per cent at a time of global economic downturn, underlining the UK's position in Europe. This was underpinned by the increase in companies locating their headquarters operations in the UK as a platform for accessing global markets in Asia and Africa.

Research and development was a particularly dynamic area, with the USA accounting for some 50 per cent of R&D investment into the UK. Pfizer, the world's largest drug company, announced plans to spend up to US\$60 million on a stem cell research centre in Cambridge, while Raytheon placed a contract with the University of Glasgow to research silicon-compatible process modules and sponsored a professorial chair in power electronics at the University of Strathclyde.

Examples of US investments in other sectors were The Bank of New York Mellon expanding its global custody operations in Manchester, and TheLadders.com, a dynamic online

recruitment agency, opening its first office in the UK.

There were also significant investment projects originating from other countries across the Americas. Activity from Canada included a half billion pound investment in Northern Ireland by Bombardier Aerospace – the largest-ever single investment in the Province by any company – and an expansion by Research In Motion, the makers of the BlackBerry, of its UK-based European headquarters. There were also significant new investments from Canadian pension funds.

In addition, two Brazilian food and drink companies, Marfrig and Perdigão, made acquisitions in the UK, while, from Mexico, precious metals company Fresnillo listed on the London Stock Exchange and opened an office in the capital.

Europe

France replaced Germany as the largest European supplier of FDI projects to the UK, with Italy and

Switzerland also increasing their supply of FDI projects to the UK market. Countries from across the European Union were once again sizeable investors in the UK, with many seeing it as a springboard to North America and global expansion to offset shrinking domestic market opportunity. Germany's Crytek GmbH acquired the UK's Free Radical Design, safeguarding the operation in Nottingham and creating nine new jobs.

With global economic conditions affecting all markets, the acquisition in the North West of Aircelle UK by French company Safran created 150 new jobs and Groupe Arnault's acquisition of Princess Yachts International in the South West safeguarded 1,700 jobs.

The UK's excellent universities, its globally renowned reputation for R&D, as well as its firmly established export channels, were key factors behind the decisions of many European firms to invest in the UK. One high-profile example in 2008/09 was Dutch giant Philips'

**THE UK'S WORLD-CLASS
SKILLS BASE AND
CREATIVITY AGAIN PROVED
A DRAW FOR INVESTORS.**



opening of a new R&D centre in Cambridge. Other investors from the Benelux countries included Barco, a Belgian manufacturer of display and visualisation equipment, which opened new premises in the South East of England, and Luxembourg engineering firm Paul Wurth, which established a centre of excellence for project management in the Tees Valley.

Ireland continued to supply quality investments to the UK: Intune Networks Ltd located a new fast optical switching operation in Northern Ireland, creating 77 new jobs.

Companies from Israel are increasingly attracted by the UK's market potential and the cost savings that it offers. Last year, Shalam Packaging, a major Israeli injection moulding firm, set up a high-value manufacturing operation in Basildon, employing 80 people.

Asia-Pacific and South Africa

India replaced Japan as the largest Asian supplier of FDI projects this year with significant investments in IT, life sciences, and advanced engineering. Biocon established its European HQ in the UK and Dr. Reddy's acquired a clinical trials unit. In the communications sector, GTL Europe opened four new offices, while engineering company Dynamatic Technologies continued to expand its operations in the UK.

Japan remains the most significant investor from Asia and continues to supply world-class innovation through high-quality projects. Hitachi Trains will be opening assembly lines after winning

a contract to supply intercity passenger trains. Sharp expanded manufacturing investment in the environment sector in Wales, creating 105 new jobs. Panasonic established a new European Design Centre in London and Eurus Energy invested in a large wind farm in the North West of England.

China was another important investor in 2008/09. Huawei, the rapidly expanding telecommunications hardware company, grew its UK business further through the addition of a marketing operation. Huawei also forged R&D partnerships with four UK universities. China Construction Bank, one of China's largest financial service providers, established a London subsidiary and Alibaba.com, the world's largest B2B online service provider, established an EHQ.

Moving elsewhere in the region, the UK continued to attract high-quality investment from South Korea, including biotechnology company Sewon Cellontech, which commenced R&D activities in the East of England. M3 Mobile established in London to use the UK as a European test-bed for delivering mobile solutions for PDAs. Singapore's ComfortDelGro acquired a new taxi company in Liverpool, safeguarding 400 jobs, while Icicle, a Hong Kong printing management company, established its EHQ in London. Air Asia, a fast-growing Malaysian airline, decided to locate its European HQ in the UK. ICT continues to be a strong sector for investment from Taiwan, including HannStar, which set up its European sales and marketing office in the East of England.

Among a number of companies from Australia was award-winning Bligh Voller Nield Architecture, which set up its first office in the UK. Silver Trowel, a leading provider of education and training in building and construction, established an apprenticeship centre in Cirencester.

New Zealand and South African companies also continue to invest in the UK. Agitavi Research from New Zealand, providing ICT consultancy services, established its European HQ in the South East, while power utility Eskom Enterprises from South Africa opened an office in London, along with Spur Steakhouses International.

WITH GLOBAL BUSINESS CONDITIONS CHANGING RAPIDLY, UK TRADE & INVESTMENT'S (UKTI'S) MARKETING IS FOCUSING ON EVOLVING OPPORTUNITIES.

Springboard for Global Growth remains our central marketing theme, emphasising the country's unique advantages as a launch pad for international expansion. Furthermore, UKTI's sector-based marketing strategy began delivering tangible results in an independent study evaluating how the UK is perceived across the globe.

New marketing strategies

In order to promote the full range of economic sectors where the UK has most to offer, new marketing initiatives were started during the year. The UK Advanced Engineering international marketing strategy, launched in March, is intended to demonstrate the excellence of British precision engineering. The year's other major initiative was the development of the UK low-carbon international marketing strategy. A number of countries have placed climate change investment at the heart of recently announced economic stimulus measures and this represents a major opportunity for UK businesses. The UK is already home to a diverse

range of world-leading low-carbon businesses and organisations at the leading edge of the transition to low carbon. UKTI's ambition is to expand their number and their international strength.

As with the other key sectors – creative industries, energy, financial services, information and communications technology (ICT), and life sciences – UKTI is working with a high-level board taken from industry and other government representatives to fulfil the UK's competitiveness on the global stage. Each is working towards creating a single, compelling voice to position each sector as a partner of choice for trade and investment.

Additionally, the UKTI Defence & Security Organisation (UKTI DSO) was formed after UKTI took over responsibility for defence exports from the Ministry of Defence's Defence Export Services Organisation. UKTI DSO is now building a marketing strategy for the future.

These initiatives have tailored the broad Springboard for Global Growth message to their own areas. Three core strengths underpin our message:

- **The best environment for business:** The UK offers a solid environment in which companies prosper.
- **World-class creativity and innovation:** Our research shows the UK is perceived by many as a land of contrasts: we have a strong past, yet we are also seen as innovators, with a spirit, eccentricity and overall creative energy that is unique to this nation.
- **Gateway of international connections:** For companies to grow they need outstanding supporting networks and the UK has ready-formed clusters of business services that truly are world class. The UK offers a large market and quality suppliers, but also offers global business leaders the opportunity to interact with the very best of their international peers.

Adapting to change

Recognising the changed economic environment, several projects were started to help trade. UKTI launched its Take it to the World marketing drive. This aims to convince small-to medium-sized enterprises (SMEs) of the advantages of exporting and to help them identify opportunities. It was preceded by a marketing initiative to encourage SMEs to explore emerging markets. UKTI is also helping UK companies to take advantage of the opportunities

“THE MARKET VISIT PROVED TO BE FAR MORE VALUABLE THAN ANTICIPATED. THE CONTACTS PROCURED VIA A £1,000 OMIS REPORT WERE OF THE HIGHEST CALIBRE AND OVERALL MATCHED OUR NEEDS.”

Sharon Roberts, Managing Director, Vision Development Consultants

created by fiscal stimulus programmes around the world.

Business Ambassadors

The year also saw the Prime Minister create a network of 17 Business Ambassadors tasked mainly with promoting SMEs internationally, but also with marketing the UK's strengths as an investment destination. The Business Ambassadors include senior business figures and a number of respected academics from leading universities.

Achieving results

UKTI played a role in organising several events during the year that showcased the UK's attractiveness as an inward investment destination and a competitive source of innovative goods and services. For example, following a delegation of 150 Chinese companies visiting London in February 2009, US\$1.9 billion of new contracts were signed.

Similarly, during November 2008, Lord Digby Jones headed “Britain in the Region”, a trade mission to Dubai of more than 200 companies, looking at trade opportunities in the Gulf. Also during the month, a UKTI-facilitated delegation of 24 Saudi business leaders travelled to Manchester, Birmingham and London looking for new joint-venture opportunities with UK companies.

Looking forward

Work will intensify on maximising the economic benefits of hosting the London 2012 Olympic and Paralympic Games and promoting 21st Century Britain to the world in the lead to, and beyond 2012. Already, several overseas companies

have said that the Games were the tipping point for their decision to set up in the UK. Additionally, UKTI will seek to help UK companies that are involved in the major sports events sector – ranging from architects to communication consultants, environmental technology suppliers to security specialists – to export similar services to events elsewhere in the world. Another particular focus will be the Shanghai Expo 2010, where the UK's Pavilion, designed by Thomas Heatherwick, will be innovative, environmentally friendly and a showcase for the UK economy.

UKTI will also continue to pursue specific marketing programmes, pushing forward the early-stage initiatives in Advanced Engineering, Low Carbon and Defence & Security, and continuing work to develop further mature marketing strategies and accessible toolkits in Creative Industries, Energy, Financial Services, ICT and Life Sciences.

Above all, UKTI's marketing will focus clearly on showcasing the UK's creativity and innovation – the qualities that have historically helped businesses to pull through downturns and to prosper in the following years.

TO PROMOTE THE FULL RANGE OF ECONOMIC SECTORS WHERE THE UK HAS MOST TO OFFER, NEW MARKETING INITIATIVES WERE LAUNCHED.



Avanti Communications

Sector: ICT

Market: Europe

Country of origin: UK

In 2008, Avanti Communications, a London-based supplier of satellite communications services, used a series of Overseas Market Introduction Service (OMIS) receptions at British embassies to help launch its first Europe-wide satellite – HYLAS One.

Events were held in ten countries across Europe to promote HYLAS One, which is set to revolutionise the European broadband market. They provided high-quality leads from telecoms and mobile companies, internet service providers, classic satellite resellers and government departments.

CEO David Williams said:

“UK Trade & Investment provided contact information, introductions and made contact with people after the events. The in-market OMIS service also fleshed out our initial research, as second-hand research can never be as good as having someone there in the country.”

www.avanti-communications.com

EUROPE'S LEADING RECIPIENT OF R&D INWARD INVESTMENT.



In the 2008/2009 financial year the UK was once again the leading recipient of research and development (R&D) inward investment in Europe, with a high level of investment despite the challenging economic environment.

Pharmaceuticals and biotechnology companies remained the biggest sources of R&D inward investment, as is natural for a sector that is the largest investor worldwide. Illustrating the UK's leadership in parts of this sector, Pfizer, the world's largest drug company, announced plans to spend up to US\$60 million on a stem cell research centre in Cambridge.

Several studies published during the financial year confirmed the UK's attractiveness as a place where multinational companies can access world-class R&D expertise. The Annual R&D Scorecard, published in early 2009, ranked UK firms within the top five for investment in R&D globally for 2007, with spending growing at 10.3 per cent compared with a 9.5 per cent global average.

Additionally, *R&D Magazine* forecast that the UK would rank seventh globally for gross domestic expenditure on R&D in the 2009 calendar year, placing it again within the leading group of R&D nations. This figure combines both private and public-sector R&D expenditure.

Promoting inward investment

UKTI's Research and Development Programme works in partnership with regional development agencies, devolved administrations and other government departments to bring more R&D to the UK from overseas and through international trade activities. In its second year, following the launch in April 2007, it achieved a regular stream of results, so enhancing the country's technology base and contributing to the Government's target of raising R&D investment as a proportion of national income (see box on page 15).

The Programme was directly responsible for attracting more than 50 new R&D projects to the UK during the financial year. In total it

has now attracted more than £300 million of planned R&D investment to the UK since its launch.

Demonstrating the Programme's gathering momentum, the number of overseas companies it is targeting for R&D investment has expanded to 105, up from 65 at the end of the previous financial year. These targets cut across the UK's fertile R&D sectors, which include: information technology, electronics and communications, life sciences, performance engineering, materials, energy and environment.

Many of the Programme's successes were sponsorships of research projects at UK universities. The universities sit at the core of the UK's research excellence and have a culture of developing technologies with practical commercial applications.

Other major projects were based around the UK's numerous technology clusters. Some of these, such as the Cambridge cluster that specialises in life sciences, are recognised as leading global centres in their respective areas of excellence.

Working across government

The R&D Programme is spearheading a cross-public-sector virtual team approach. The Programme's team of R&D specialists which has much of the knowledge used to pair up overseas companies with research expertise in the UK, continued to develop during the year. For example, a specialist in automotive and advanced materials technologies arrived who has a particular focus on low-carbon

“THE UK REMAINS AN EXCELLENT PLACE TO INVEST IN OUR R&D ACTIVITIES, GIVEN THE PRIORITY THIS IS AFFORDED BY THE GOVERNMENT. FROM OUR PARTNERSHIPS WITH THE COUNTRY’S LEADING UNIVERSITIES THE UK IS REALLY SETTING ITSELF UP AS A KNOWLEDGE-DRIVEN ECONOMY.”

Dr Michael Bushell, Head of Jealott’s Hill International Research Centre, Syngenta

vehicles and on re-engineering vehicles to maximise their longevity. The benefits of the specialists’ engagement with other parts of UKTI both in the UK and overseas, with the extra resources they bring to the attraction of R&D-focused inward investment by the UKTI sales teams, with their broader remit, and with other government departments and bodies, such as the Department for Business, Innovation and Skills’ Business Relations, the regional and devolved development agencies and the research councils, were clearly demonstrated, for example through successes in helping Indian automotive companies to access low-carbon technologies. Working in “virtual teams”, the specialists and their colleagues identified the areas in which target companies were seeking R&D expertise and matched them to areas in which the UK has specific world-class expertise.

The specialists have also been working more closely with the Technology Strategy Board (TSB), established by the Government in 2004 to promote, support and invest in technology research, development and commercialisation through collaboration between companies and universities. In particular, they are working closely with the TSB’s knowledge transfer networks to ensure they are well informed about where specific pockets of technology expertise are emerging.

As well as traditional sources of R&D investment, such as the USA and Japan, the Programme has an increasing focus on India, seeking to capitalise on a growing need among the country’s businesses to access world-class technologies and

strengthen their R&D base. Several specialists visited the country during the year, seeking to gain a greater understanding of local needs, as well as to build contacts. These visits have proved productive and the R&D Programme is in advanced discussions with a number of Indian companies considering establishing research activities in the UK.

Achieving a range of successes

One of the highest profile inward investment successes was Philips Research’s opening of a new R&D centre in Cambridge in November 2008. The healthcare, lighting and consumer products company, headquartered in the Netherlands, relocated their UK R&D Centre to Cambridge, after supportive activities from EEI and the UKTI R&D Programme team. This support included the preparation of information to strengthen the case for the Cambridge investment.

There was also a high volume of successes from Asia. Chinese companies investing included a mobile telecommunications company that established several research projects with universities, and a Chinese pharmaceutical company that contracted a university to investigate the effects of traditional Chinese medicines. Additionally, a Japanese car manufacturer placed several research contracts with UK organisations to study advanced vehicle concepts, while a pharmaceuticals company expanded its existing R&D facility.

Investments from the rest of the world included a European satellite manufacturer that contracted UK organisations to carry out



CyberSource (R&D/ICT)

Sector: ICT

Location: Belfast

Country of origin: USA

In May 2008, CyberSource Corporation, a leading provider of electronic payment and risk management solutions, announced its plans for a new Belfast-based R&D centre. Employing up to 60 software development professionals, the centre is expected to deliver approximately £2 million in wages and salaries annually by 2011.

Bill McKiernan, Chairman and CEO, CyberSource said: “We are delighted to expand our engineering operations into Northern Ireland. It will be an integral part of CyberSource global operations as the demand for secure payment processing solutions continues to grow worldwide. We look forward to recruiting the brightest individuals from the pool of impressive engineering talent in Northern Ireland, and Invest NI’s support will enable us to create the centre on a budget-neutral basis in our first year.”

www.cybersource.com

PFIZER, THE WORLD'S LARGEST DRUG COMPANY, ANNOUNCED PLANS TO SPEND UP TO US\$60 MILLION ON A STEM CELL RESEARCH CENTRE IN CAMBRIDGE.

scoping studies for a new type of satellite and a US computer company that commissioned several computer science projects from a university.

In terms of size, the project values ranged from as little as £10,000 to more than £40 million. They varied from one-off research projects to large facilities employing hundreds of people, making an ongoing contribution to the UK's technology skills base.

Encouraging R&D through supporting outward activities

The R&D Programme also helps UK-based companies to expand overseas through trade development mechanisms, with a view to expanding their R&D activities back home.

The programme assisted approximately 150 innovative UK-based companies to expand internationally during the year. An example of a project supported by the R&D Programme is the Soft Landing Zone programme managed by Coventry University Enterprises which supports UK R&D-intensive companies to develop collaborative R&D projects with overseas partners. This programme was rolled out in 2007 in the East and West Midlands and commenced on a national scale in October 2008. The SLZ programme provides incubator services such as office space, business support and access to HE institutions in science parks in 20 markets around the world. During the 2008/2009 financial year the Soft Landing Zone supported more than 60 companies developing their R&D activity through international collaborations.

Another notable initiative is the R&D Collaboration Project in the North East which has helped to protect IPR, identify international partners with complementary technology and develop the most effective route to the global marketplace for innovative companies in this region. Concomitantly, it has also helped to boost R&D capacity in the North East among the companies that have been supported by this project. This is an important element of the project which has supported companies from a diverse range of sectors, from pharmaceuticals, advanced engineering through to food and drink.

Testament to the success of this activity has been UKTI's ability to leverage funding from the European Regional Development Fund 2007-13, making it a joint £1 million investment from UKTI and the European Commission. This aims to maximise the support available to over 150 innovative small- and medium-sized enterprises to catalyse their entry to overseas markets as well as boost their R&D capacity in the North East.

Fostering R&D partnerships

An important aspect of the R&D Programme is introducing the world's most innovative organisations to UK partners who can help them to develop technologies. During the financial year 2008/09 the Global Partnerships Programme (GPP) forged 32 new partnerships, a slight increase on the previous year's figure of 31. The number of UK universities forming partnerships with international companies increased to nine from eight in the previous year.

UKTI Spain has made good use of GPP this year. Examples of successful GPP introductions in the year include Iris Global, a UK automotive IT company, which was introduced to Prometeo, a similar Spanish company which now sells Iris Global's products in Spain. Similarly, GPP introduced UK mobile marketing company Myoxygen to Spain's Unkasoft Advergaming. There were clear synergies and the two have formed a partnership.

Looking forward

Looking forward to the next financial year, the downturn is undoubtedly affecting some companies' investment plans, although R&D expenditure currently appears to be less affected because it is so essential to competitive advantage. Indeed, in some sectors without a continued flow of new products – to which R&D is essential – companies cannot hope for longer-term survival. Reflecting this and its increasing momentum, the R&D Programme has raised its target for 2009/10 for new R&D project successes from overseas from 2008/09's 50 to 60 for 2009/10.

The world's centre of excellence

The UK is a scientific powerhouse whose technological leadership and innovative thinking have been successfully leveraged by a Government committed to raising the investment in innovation to create one of the most effective and dynamic environments in the world. The UK's long-established and exceptionally strong science base puts it in a unique position to attract and serve the world's investors in R&D.

The UK Trade & Investment R&D Programme was announced in the autumn 2006 Budget Statement with the objective of increasing R&D investment as a proportion of national income from 1.9 per cent to 2.5 per cent by 2014.

The Programme was launched in April 2007 with three specific tasks:

- To promote the benefits of carrying out R&D in the UK to a targeted group of overseas companies.
- To help innovative UK-based companies conduct business overseas.
- To monitor issues affecting UK R&D investment, so contributing to government policy formation.

“PART OF THE R&D ACTIVITIES OF THE GROUP WILL BE MOVED TO THE NEW SITE WHICH WILL ALSO HOUSE ALL FACILITIES FOR PERSONNEL TRAINING AND EQUIPMENT TESTING IN A DEDICATED POOL, WITH LIFTING AND FULL INSTRUMENTAL-CONTROL STRUCTURES. THE NEW PREMISES WILL BE FULLY OPERATIONAL AT THE BEGINNING OF APRIL 2009.”

Luigi De Martino, General Manager
TS TecnoSpace/CUT Group



Boeing

Sector: R&D

Location: Cranfield

Country of origin: USA

US aerospace giant Boeing recently signed an agreement with Cranfield University to create an Integrated Vehicle Health Management (IVHM) Centre of Excellence next to its main campus.

The decision, which was made after Boeing and Cranfield received support from UK Trade & Investment and the East of England Development Agency, is part of Boeing's ongoing project to establish multi-year collaborative R&D relationships with leading UK universities.

Sir Roger Bone, President of Boeing UK, said: “The IVHM initiative is another example of Boeing's commitment to growth in the UK. The company aims to replicate the success of other such investments in the UK that have generated new intellectual property and enhanced skills at both a regional and national level.”

www.boeing.co.uk

THE UK'S LOW-CARBON CAPABILITIES ARE GROWING AND REINFORCING THE COUNTRY'S CREDENTIALS AS A DESTINATION FOR INWARD INVESTMENT.



As momentum towards a low-carbon economy accelerates worldwide, the UK is seeking to position itself as the best place to build low-carbon businesses and to equip those businesses to compete in the global market for low-carbon goods and services.

The combination of the economy's proven attractiveness to foreign investors, research excellence and existing carbon reduction capabilities make the country the ideal test-bed for innovation and the development of globally scalable business models.

Investment trends to date illustrate the appeal of the UK low-carbon proposition. In 2007, for example, the UK attracted 30 per cent of all European venture capital investment in clean technology¹.

Building leadership

Across the UK, private- and public-sector organisations are pioneering the transition to low carbon. Not only is Government playing its part through establishing a comparatively favourable regulatory environment,

but also the UK's consulting organisations, manufacturers and universities are developing ground-breaking expertise.

The Government took several steps intended to make low-carbon activity a driver of economic recovery during the financial year. Importantly, the UK became the first country to adopt a legally binding carbon reduction target, committing in the Climate Change Act, passed in October 2008, to reduce carbon emissions by at least 26 per cent by 2020 and by 80 per cent by 2050 (against a 1990 baseline).

Also in October the Department of Energy and Climate Change was established to secure affordable energy supplies and bring about the transition to a low-carbon economy. The scope and ambition of the Government's plans were outlined in Low Carbon Industrial Strategy: A Vision, published in March 2009.

These initiatives build on the UK's leadership position, established when the landmark Stern Review

on the Economics of Climate Change, prepared by Lord Stern, was published in 2006.

UK businesses and universities are at the forefront of developing low-carbon solutions in a number of areas, with their expertise sought-after all over the world. For example, Arup, the global engineering consulting firm headquartered in the UK, researched a feasibility study examining ways for the Thames Gateway development to reduce emissions in line with the Climate Change Act's targets. And, within manufacturing, Smith Electric Vehicles announced in March plans to work with the Ford Motor Company to introduce a battery-electric light van for the North American market.

The Carbon Trust, a government-sponsored independent company tasked with accelerating the transition to a low-carbon economy, continued to work with organisations across the UK to reduce carbon emissions and develop commercial low-carbon

“BUT, IN FACT, IMPLEMENTING A CARBON STRATEGY HAS ALSO BROUGHT SIGNIFICANT BENEFITS TO THE COMPANY.”

Juliet Silvester, Head of Environmental Programmes at Fujitsu.

technologies. To date, it has worked with thousands of organisations to reduce over 17 million tonnes of carbon dioxide, help business save over £1 billion in energy costs and channel hundreds of millions of pounds into carbon reduction and low-carbon technology development projects.

A low-carbon future

In Low Carbon Industrial Strategy: A Vision, Government emphasises that the UK is already a leader in many low-carbon and resource-efficient services, technologies and processes.

Against this background, UKTI started to develop a UK international low-carbon marketing strategy, intended to promote the UK's strengths across the economy through a singular set of messages as a destination of choice for low-carbon trade and investment.

As both the broad economy and individual businesses journey towards a low-carbon economy, each step creates opportunities for inward investment. The UK is the ideal test-bed for innovation and commercialisation, combining an enabling business climate and research excellence with the opportunities offered by receptive consumers and advantageous natural resources. This supports diverse solutions and development of globally scalable standards.

Looking forward

With the world preparing to negotiate a new global climate treaty at the December 2009 COP 15 UN conference, there will be considerable activity as the

UK and other countries seek to accelerate the transition to a low-carbon economy.

The UK Government will continue to take action to encourage this transition through the activities of the Department of Energy and Climate Change, as well as other relevant departments.

There is recognition that accelerating the low-carbon leadership already possessed by many UK businesses and institutions is essential for the UK's future as an investment destination.

¹Innovas Report, March 2009.



Tesco

Tesco, which has been serving customers for nearly 90 years, now boasts 2,184 stores in the UK and a further 1,772 around the world.

Over the last ten years, it has had a long-term strategy to reduce energy use and promote sustainability in all areas of its operation, including supply chain, customer behaviour and infrastructure.

“Any responsible business has to take a long-range assessment of threats and opportunities, and respond accordingly,” says David North, Community and Government Director at Tesco.

“The good news is that an effective response is not just about cost. In fact, it helps reduce costs and attracts new business as customer awareness about environmental issues begins to create a market for low-carbon goods and services.”

www.tesco.com

THE INVESTOR POLICY/AFTERCARE TEAM WORKED HARD TO HELP INWARD INVESTMENT PROJECTS AND INFLUENCED SOME KEY LEGISLATIVE DECISIONS.



The UK Government recognises the fundamental importance of supporting foreign-owned companies investing in Britain, especially in the current economic climate.

To help inward investors flourish and grow, UKTI acts as a “voice in government” for businesses to ensure their needs and concerns continue to be heard in central government, most particularly in key areas, such as skills, migration, taxation, planning and transport.

A great deal of work was done in the 2008/09 financial year to ensure the UK’s business environment remained competitive and continued to attract and retain investment. The investor policy team also helped companies develop new projects, by guiding them through strategic or operating issues which might otherwise have hindered their growth plans.

Lobbying success

By maintaining an open dialogue with policymakers, the team influenced a number of important

legislative decisions. For example, their efforts to press for incremental improvements to the UK R&D Tax Credit system were reflected in the long-awaited EU approval for the UK to increase the SME rate of R&D tax credits to 175 per cent and to raise the SME employment threshold to a maximum of 500 employees.

They also successfully influenced policy to improve planning permission and major infrastructure consent regimes. First, by helping to formulate recommendations for the Killian Pretty planning review for a faster and more responsive planning system. Second, for major infrastructure projects where, from 2010, there will be a streamlined planning process.

UKTI also influenced various migration policy issues, including the maintenance of sufficient flexibility in the developing rules and guidelines to allow businesses to bring into the UK specific highly skilled workers when they have been unable to recruit sufficiently from within the UK.

Regarding the UK skills base more generally, the team’s Skills Specialist continued to work with the regional development agencies (RDAs) to establish a collective position on skills and to identify opportunities to better leverage the skills system to meet the skills needs of international business, including inward investors.

Outlook

From April 2009 UKTI put in place a new working structure to deliver its services through a series of virtual (multi-disciplinary) teams –

incorporating experts from across Government and its agencies such as the Department for Business, Innovation and Skills, the Ministry of Defence and the RDAs – to provide an even more cohesive and rigorous approach to working effectively with investors.

More resource will be devoted to investor development and aftercare in the coming year, supported by the co-ordinated efforts of UKTI’s partners. As part of the initiative, UKTI will seek a step change in its working with the wider UK and international business support networks to provide a more comprehensive service to clients, taking into account the needs of parent firms as well as their UK subsidiaries.

BY MAINTAINING AN OPEN DIALOGUE WITH POLICYMAKERS, THE TEAM INFLUENCED A NUMBER OF IMPORTANT LEGISLATIVE DECISIONS.

THE GLOBAL ENTREPRENEUR PROGRAMME PERSUADED MORE ENTREPRENEURS THAN EVER THAT ESTABLISHING HEADQUARTERS IN THE UK WOULD HELP THEM TO ACCESS GLOBAL MARKETS.

The Global Entrepreneur Programme (GEP) seeks to enable entrepreneur-led, early-stage technology companies from all over the world to globalise their businesses from a UK hub, thereby giving these start-ups access to funding, international markets and skills. The GEP's success in 2008/2009, helping some 30 high-value companies move or expand in the UK, played a major role in helping the UK to maintain its status as one of the most sought-after locations for businesses seeking to expand internationally.

The GEP strives to find the next Microsoft or Google, and then tries to ensure that it goes on to enjoy international success from a UK base. Once GEP-backed companies have relocated to the UK, its team of experienced specialists – entrepreneurs in their own right who are known as “dealmakers” – help them create global businesses.

In 2008/09, GEP helped to persuade more entrepreneurs than ever before that establishing headquarters in the UK could help them access the global supply chain and global markets. They included Hyper Rig, an Indian developer of risk management software and solutions for finance companies, which relocated to London, and eco-lighting specialist Plumina, which moved its headquarters to the UK from South Korea.

Virtually all today's technology entrepreneurs aspire to become international businesses – and GEP has grown to reflect this. In the past year GEP's dealmaker team has extended its international coverage to include Canada, California and

Israel, in addition to New York, India, Australia/New Zealand and Europe. This has enhanced its capability to spot the best rising entrepreneurial talent across the world.

Being entrepreneurs themselves, the dealmakers are ideally placed to provide the advice that companies most need. They are supported by their powerful UK delivery team which offers migrating businesses a range of invaluable guidance on all aspects of establishing a UK-based global hub, as well as first-class aftercare services.

Since 2003, GEP has established a proven track record in raising capital for its clients (both debt and equity finance) and in 2008/09 it helped them generate more than US\$10 million, despite the credit crisis. Looking ahead, GEP aims to continue to enhance the quality of the support that it can provide to its clients. One of its newest initiatives involves looking at new ways of accessing funding from the UK and overseas.

All these services help to make GEP a compelling proposition for globally ambitious entrepreneurs, whatever their country of origin.

“SHEETAL'S HELP AS OUR DEALMAKER HAS BEEN EXTRAORDINARY AND NOWHERE ELSE HAVE WE SEEN THIS TYPE OF ASSISTANCE. THE ENTREPRENEURIAL WAY IN WHICH UKTI OPERATES IS BOTH REFRESHING AND EFFECTIVE. WE ARE LOOKING FORWARD TO CONTRIBUTING TO THE BRITISH ECONOMY.”

Jane Pollitt, Director,
TradeMobile Limited

SIGNIFICANT INVESTMENT AT A TIME OF RAPID CHANGE...

At a time of rapid technological change as the advanced engineering sector prepares for a low-carbon future, the UK is playing a strong role in developing aircraft and vehicles with far lower emissions than those currently in production.

The research facilities, skills and supply chains that are built around this technological excellence, as well as the strengths of the UK market as a source of demand, attracted a number of high-profile foreign direct investments during the 12 months to 31 March 2009.

The UK is home to some of the most advanced engineering technologies in the world. Airbus's sites at Filton, near Bristol, and Broughton, North Wales, make up the company's Centre of Wing Excellence. The Filton site manages the design of all wings for the whole Airbus family of aircraft and the facility at Broughton assembles the wings for all Airbus aircraft.

Airbus has led the aerospace industry in its use of composites and this innovative process is exemplified by the Airbus A380. Some 25 per cent of the aircraft is designed and built using advanced lightweight composite materials. For the first time in aircraft manufacture, the centre wing box – a crucial element of the primary structure connecting the wings to the fuselage – is a primarily composite structure. The A350 XWB will also be a faster, more efficient and quieter aircraft as a result of its advanced wing design – which combines aerodynamic enhancements already validated on the A380 with further improvements developed by Airbus engineers.

GKN Aerospace is responsible for the pioneering composite wing spar for the A400M military transporter. This is the first application of carbon composites for a primary structure on a large transport aircraft wing and is manufactured using state-of-the-art automated manufacturing processes. GKN is now evolving and reapplying these skills for use in the manufacture of the A350 XWB wing spar at Filton.

Furthermore, Rolls-Royce is currently developing a new “open rotor” aero engine which will play a major role in reducing aircraft fuel burn and, therefore, meet the aerospace industry's emissions targets necessary for tackling climate change.

In the automotive sector, the UK is home to specific expertise in electric vehicle technology. The production of commercial electric vehicles and systems integration capabilities is demonstrated by companies

that have significant experience in motorsport technology, and academic institutions that have developed expertise in hybrid and electric propulsion systems.

Inward investment successes

In one of the period's largest inward investments, Bombardier, the Canadian aerospace company, committed to developing and producing the advanced composite wings for its new CSeries regional passenger jet in Belfast. The CSeries is designed to bring greater efficiencies to the market for jets of 100 to 149 seats, in terms of operating costs, fuel consumption and emissions.

Illustrating the UK's open economy, Dynamatic Technologies, an Indian engineering company – which had earlier entered the UK market through the acquisition of a Danish company in Swindon – expanded its presence through the further acquisition of Oldland CNC, an aerospace components company in Bristol.

In the field of research, several large international companies formed partnerships with UK organisations. Boeing, the leading US aerospace company, partnered with Cranfield University to open an Integrated Vehicle Health Management Centre of Excellence exploring new technologies for vehicle support and maintenance. And Nissan, the Japanese car giant, formed a partnership with Regional Development Agency One North East to explore the feasibility of developing a zero emission mobility programme for electric vehicles.

“IT SEEMED OBVIOUS TO US TO UTILISE UK TRADE & INVESTMENT AS A WAY IN, GIVING US A STRONG PLATFORM TO WORK FROM IN THE ABSENCE OF ANY EXISTING HONG KONG CUSTOMERS.”

Paul Ellis, Operations Development Manager, Scott Aerospace

UKTI strategy launch

In March, Trade and Investment Minister Lord Davies of Abersoch launched a specific marketing strategy for the advanced engineering sector at an event in the London headquarters of the Institution of Civil Engineers, the world’s oldest engineering institution.

The marketing strategy focuses on demonstrating the UK’s strong record for developing innovative engineering technologies and turning them into bespoke, practical solutions. This messaging will be used to attract foreign direct investment to the UK and stimulate exports.

At the launch, Lord Davies emphasised the size and sophistication of the UK’s advanced engineering sector, reporting that it generates approximately one-third of the country’s total exports.

Other government initiatives

The UK’s Technology Strategy Board (TSB) is actively promoting advanced engineering technology through a number of initiatives.

Last year it announced that it would invest in the Next Generation Composite Wing programme, a research and development collaboration between UK public sector organisations and 17 industrial partners led by Airbus. This will keep the UK at the leading edge of composite wing design, ensuring that the country is well equipped to build the low-weight wings that are vital to future aircraft.

The TSB also announced a £20 million funding boost for low-carbon vehicle technology, which aims to see 100 ultra low-carbon demonstration vehicles on the roads by the end of 2009.

These TSB initiatives are acting in tandem with the Department for Business, Innovation and Skills’ refreshed manufacturing strategy which was launched during the year. The former BERR committed almost £150 million of medium-term support for UK manufacturing, and set out the Government’s view of the factors needed for long-term success – including seizing the opportunities of the low-carbon economy, supporting skills, realising overseas opportunities and improving the perceptions and understanding of manufacturing.

Looking forward

In a challenging environment the proportion of inward investment delivered by the expansion of foreign companies already in the UK is likely to increase. In some cases this will be to develop new low-carbon technologies.

The UK offers significant innovation and growth potential to foreign investors. One example is the European Space Agency’s decision to site a facility to explore climate change, integrated applications and space exploration at the Harwell Science and Innovation Campus in Oxfordshire. The UK is now working towards creating a space cluster at the park with UKTI’s advanced engineering inward investment team.



Neilsoft

Sector: Advanced engineering

Location: Luton

Country of origin: India

Neilsoft, a major Indian provider of engineering and technology service solutions, recently chose Luton for its UK and European base after receiving support from East of England International (EEI).

The cultural environment of Luton, with its large Indian community, proved to be a significant draw for the company.

Senior Business Development Manager Aman Dhall said: “We believe that the UK will act as a springboard to new markets. Our location offers excellent communication links and will help us to foster relationships with major R&D institutes.

“EEI gave us general advice on the region, helped us to set up the initial pilot representative office and organise visas, and provided support with market research and networking.”

www.neilsoft.com

THE UK: A WORLD LEADER IN CREATIVITY AND INNOVATION.

In a year when British film and music swept the boards at the Oscar and Grammy awards, the international competitiveness of the whole UK creative industries sector was clearly demonstrated in 2008/09 by a continuing high level of foreign direct investment from all over the world.

Companies are keen to access the UK's creative talent, its marketplace and its advantages as a hub for international business.

The long-term economic dynamism of the UK creative industries sector was confirmed by data reported by the Department for Culture, Media and Sport in January 2009. It found that diversity and innovation – spanning advertising, design, film and video, software, digital games, television and radio – grew by 4 per cent a year in the decade to 2006. This compared with 3 per cent for the economy as a whole.

An international hub for creativity and commerce

The trend of companies establishing

their European design centres in the UK continued as several multinationals located in London to take advantage of the cosmopolitan nature of the capital's design community. During the 12 months, investments included Panasonic, the Japanese electronics company, and Nokia, the Finnish mobile phone company. And other design companies, many from the USA, opened offices across the UK.

The quality of the UK's design graduates and the availability of highly skilled and adaptable designers, many freelance, make the UK a globally competitive location for creative businesses. For example, two US social networking internet sites – LinkedIn, the fast-growing professionals' site, and Club Penguin, the children's site, set up operations in the UK during the year.

The UK continues to feature at the very top of the international rankings across the sector. During the year the UK regained third place (Source: Games Investor Consulting "Raise the Game" report for NESTA) in

worldwide rankings for computer game development, helped by the continued success of the *Grand Theft Auto* franchise.

Cultivating a culture of excellence

The UK is seen as a major market in its own right for digital content and rapid take-up of new technology, with half of UK adults watching video or TV online in 2008 (source: YouGov). It is also a leading supplier of creative content to world markets.

The BBC is world-renowned and is already a showcase for UK excellence in the creative industries. But the launch of its innovative iPlayer, which allows viewers to watch BBC programmes over the internet, demonstrated to the world the extent of innovative technology being developed in the UK. The number of users of the iPlayer has now risen to over 6 million.

During 2008/09 the Government continued to build the infrastructure that supports the UK creative industries sector. Bournemouth University's internationally recognised Media School will receive some £3 million awarded by the Engineering and Physical Sciences Research Council (EPSRC) to establish a new Industrial Doctorate Centre in Digital Media, Special Effects and Animation.

This project is part of Britain's biggest-ever investment of £250 million aimed at training the scientists and engineers the UK needs for its future. Indeed, over the next three years, around 2,000 PhD students will be recruited to 44 centres across the country to tackle some of Britain's biggest economic challenges.

FOREIGN DIRECT INVESTMENT FROM ALL OVER THE WORLD CONTINUED AT A HIGH LEVEL.

CONSUMER AND INDUSTRIAL FIRMS SEE INNOVATIVE DESIGN AS A VITAL PART OF CREATING NEW BUSINESS OPPORTUNITIES.

In a joint initiative with the University of Bath, Bournemouth University's Industrial Doctorate Centre will also provide research-level skills as well as technical and management expertise for people heading into the specialist areas of special effects, animation and post-production.

Additionally, the University of Bath has been awarded more than £12 million of the total investment to create new training centres that will, in part, produce animators to work on Hollywood films. In Scotland, the University of Abertay Dundee is to become the UK's first ever university centre of excellence for computer games education following a £3 million investment from the Scottish Government.

A major new media hub, MediaCityUK, is being built at Salford Quays, near Manchester. It is expected to generate more than 15,000 jobs, including 1,500 trainee posts per year. The development will accommodate 1,000 creative and related businesses and is projected to generate more than £225 million a year in additional net value added.

In addition, a new £17 million National Skills Academy for Creative & Cultural Skills is being built in Thurrock, Essex. It is using a hub-and-spoke model to create a purpose-built training facility that will provide a national centre, rehearsal and administrative space to showcase the industry.

And the UK's position as a global film production hub was further strengthened by the UK Government signing a co-production agreement

with India, allowing Anglo-Indian film-makers to claim tax allowances in both countries.

Looking ahead

Consumer and industrial firms see innovative design as a vital part of creating new business opportunities. One example of this is the need for mobile, online and console corporations to maximise the potential of existing networks. This will present a significant opportunity for the UK's digital content creation industry – with its track record in innovation and delivery across platforms.

UK Trade & Investment will continue to position the UK as a world-leader across the spectrum of the creative industries to benefit from the likely increase in demand for creative excellence by internationally growing companies. As part of its marketing programme it has developed an exhibition to promote British creative industries to buyers around the world.

“Love and Money – 50 Years of Creative Britain” is a multiscreen exhibition which showcases products and services that balance business ambition and commercial success with the invention and experimentation for which Britain's creative industries are internationally renowned. It will travel to key international events in priority markets in the coming year.



Big Machine Media
Sector: Creative and media
Location: London
Country of origin: USA

In October 2008, Big Machine Media, a New York City-based PR firm, decided to establish a UK operation in London, which will create some 12 jobs over the next 18 months.

The company, which specialises in promoting clients in music, film, TV and publishing, received substantial support from UK Trade & Investment and Think London, including introductions to banks, law firms and property providers in the capital, as well as information on networking forums.

CEO Brad Taylor stated: “We are thrilled to be expanding into the UK market. We look forward to working with some of our favourite UK artists to transition them fully to the US market, and vice versa.”

A ROBUST SECTORAL PERFORMANCE ESPECIALLY IN EXPORTS.

Demonstrating the strength of the defence and security sector, the UK retained its position in 2008 as the world's second most successful defence and security exporter, winning over £4 billion of new export orders. This followed an exceptional performance in 2007 when the UK won £10 billion of new orders, making it the world's leading defence exporter that year. Inward investment was limited in the period. However, this is a sector where new foreign direct investment tends to be linked to UK Government procurement contracts.

While there were only a few new inward investments during the period, the UK's Defence Industrial Strategy, which gives companies insight into procurement plans, is encouraging medium-term investment. For example, Italy's leading defence and aerospace group, Finmeccanica, slightly expanded its activities in the year.

Government procurement has also been securing existing investment.

The award of the Future Strategic Tanker Aircraft contract to the AirTanker consortium in March 2008, shortly before the beginning of this financial year, underpinned EADS' investment in the UK. This European aerospace and defence giant leads the consortium and owns several sites in the UK, including the Airbus wing factory at Broughton in North Wales.

First-class defence and security industry

The UK's strong position in defence and security is supported by some of the world's most technologically advanced companies, a comparatively large defence budget, extensive operational experience and the country's history of international connections.

In security, countries often look to the UK for advice when developing their strategies in this vital area. With terrorism and crime increasing across the globe, the worldwide security market is expected to grow from US\$55 billion in 2006 (Source: Civitas Group 2006)

to around US\$300 billion by 2018 (Source: HSRC 2008).

The UK's experience and the innovative technologies possessed by some companies mean it is a leading exporter of security equipment and also a destination for foreign direct investment. Years of experience in security and counter-terrorism have given the UK considerable expertise. Furthermore, UK companies are some of the leading suppliers of technology for aviation and transport security worldwide.

New Defence & Security Organisation

Responsibility for defence exports was transferred from the Ministry of Defence to UKTI in April 2008. As part of the formation of the new Defence & Security Organisation (DSO) within UKTI, a new security directorate was established, with dedicated staff appointed.

UKTI DSO is primarily targeting its activities on exporting, but is also working to promote inward investment, as UKTI does in other sectors.

UKTI DSO is also designing a marketing strategy to promote the UK's strengths in defence and security.

Looking forward

In the coming years the level of UK trade and foreign direct investment activity in this sector will depend partly on the direction of government defence budgets worldwide, which are currently under pressure. The earlier flow of large (green field/brown field) investments is slowing and future FDI projects will tend to be smaller, focusing

on niche technology areas with growth potential.

Even so, the UK has one of the most competitive industries – with substantial experience and emerging technologies – which will help it to progress. In particular, industries are developing their capabilities in areas such as security technologies and UAVs.

Within UKTI the new DSO's activities will continue to be ramped up, enhancing its network of contacts, recruiting staff in key areas and targeting specific companies. On the international stage it will promote UK capabilities increasingly actively.

“THE POTENTIAL MARKET FOR THIS PRODUCT IS VERY LARGE, AND WITH THE HELP OF UK TRADE & INVESTMENT WE WERE ABLE TO IDENTIFY THE BEST PLACES TO TARGET FOR OUR LAUNCH TO MAXIMISE OUR EXPOSURE, AND WE’VE ALREADY RECEIVED HIGH LEVELS OF INTEREST FROM POTENTIAL USERS.”

Nigel Day, Commercial Director for Kromek



Prometheus Medical Ltd

Sector: Defence

Markets: Malaysia/Qatar/South Africa

Country of origin: UK

Over the last year, Herefordshire-based Prometheus Medical Ltd, which specialises in bespoke emergency medical equipment for use in situations on the battlefield and in the event of disasters, has successfully promoted its products overseas after receiving advice and support from UK Trade & Investment's Defence & Security Organisation (UKTI DSO).

Thanks to UKTI DSO's help, Prometheus showcased its expertise at defence trade shows in Malaysia, South Africa and Qatar, and is having talks with local distributors.

Commercial Director Kevin Gallagher commented: “Were it not for UKTI DSO, we would never have been able to promote our products overseas at this early stage in our company's history. It enabled us to attend large international exhibitions without the usual expense.”

www.prometheusmedical.co.uk

FOREIGN COMPANIES INVESTED IN THE UK'S DRIVE TO DEVELOP RENEWABLE AND SECURE SOURCES OF ENERGY.

As the UK energy industry accelerates its development of low-carbon and secure sources of energy, the country's natural energy resources and increasingly favourable regulation are helping to position it as an attractive destination for foreign investment. This is especially the case for offshore wind and the Government's new nuclear build programme, which will play an important role in the country's new generation capacity.

The 2008/09 financial year saw several important regulatory developments which pave the way for the development of new generation capacity. Notably, Parliament passed three key pieces of enabling legislation: the Climate Change Act, which enshrines the UK's emission targets in law; the Energy Act, which defines UK energy policy and establishes the financial support mechanism for renewable energy; and the Planning Act, which will facilitate quicker planning decisions for new energy installations.

These followed the Crown Estate's June 2008 announcement that a number of new sites for offshore wind farms, with a combined capacity of 25GW, would be made available. These new sites are in addition to those accounting for over 8GW of capacity that are already planned for the English and Welsh coasts, plus sites accounting for approximately 6GW in Scotland – bringing the total capacity of offshore wind farm sites thus far identified to about 40 GW, or over a third of the UK's energy needs. The Crown Estate also made the Pentland Firth off Scotland's north coast available for wave and tidal development. The tidal race running through the Pentland Firth is one of the strongest in the UK.

Also during the year, work progressed on developing the regulatory regime for new nuclear power stations. The Government aims to make the UK a leader in the operation of safe and efficient nuclear power stations.

Inward investment activity

Significant inward investments included EDF, the French power giant, acquiring the British Energy Group, the UK's third-largest generator, in a £12.5 billion deal that will enable it to play an active role in building the UK's new nuclear power stations, and Masdar, the renewable energy arm of Abu Dhabi's Government, which bought 40 per cent of E.ON's half share in the London Array offshore wind farm project.

Additionally, another important investment was the purchase of

a wind tower factory in Scotland by the Danish company Skykon.

There is significant interest in the UK's offshore wind project capacity as indicated by the fact that some 100 UK and international companies have registered to bid for UK offshore wind generating licences. As these licences are granted and the various sites developed, foreign investors will become major players in the UK's offshore wind market.

Small-scale renewables also scored inward investment successes with new investments in the photovoltaics manufacturing and waste-to-energy plants. Environmental technology investments have benefited from an attractive regulatory policy – especially in the area of waste management – which seeks to divert waste from landfill through increased landfill tax. Several new high-tech plants have been built to process and recycle waste materials.

Advantages in developing technology

With its advantages in natural resources and the large traditional energy sector, the UK is leading the development of a number of renewable energy technologies.

In the past year, for example, the Energy Technologies Institute (ETI) has taken a leading role in progressing new technologies. A public-private partnership, set up in December 2007, the ETI brings together some of the world's biggest companies, to set strategic direction in low-carbon energy and to fund its delivery. The UK Government will match funding from partner companies to spend £1 billion on energy research and development

“WE SEE SUBSTANTIAL MARKET POTENTIAL IN THE UK, NOT LEAST BECAUSE OF THE GOVERNMENT’S COMMITMENT TO EXPAND RENEWABLE ENERGY. WE HAVE PROVEN MORE THAN ONCE IN THE PAST THAT WE CAN ESTABLISH OURSELVES VERY QUICKLY IN A NEW MARKET AND WE ARE CONVINCED THAT OUR TRIED AND TESTED BIOGAS TECHNOLOGY IS A VERY ATTRACTIVE OFFER FOR OUR BRITISH CUSTOMERS.”

Dr Holger Schmitz, member of the Executive Board of MT-Energie and responsible for overseas expansion

over the next decade. Private sector partners currently include Shell, BP, Rolls-Royce, E.ON, EDF and Caterpillar. The first four grants from the ETI were announced in February 2009. Totalling £20 million, these grants were awarded to four consortia of UK companies and academic institutions to develop new wind and tidal turbines.

A lot of the technology being applied to renewable energy originated in the oil and gas sector and is being adapted by the oil and gas companies themselves. For example, subsea connection and mooring systems for deepwater oil and gas platforms are being modified for use with offshore wind, wave and tidal systems, all of which present new technical challenges due to the force of strong waves and currents.

The ongoing integration of the oil and gas supply chain with other energy subsectors will benefit the UK energy industry. The cross-application of technology and ideas, along with the pooling of financial and technical resources, as with the ETI, will contribute towards maintaining the UK’s position as a world leader in energy technology and the best possible location for developing a low-carbon business.

An example of an oil and gas industry innovation is the “GreenField” range of biodegradable lubricants and greases launched by Castrol Offshore Ltd (part of BP) in 2008. Although generally intended for use on drilling rigs, production platforms, subsea facilities, supply and support vessels, these products may well find application with other offshore machinery, in the

wind, wave and tidal subsectors, which also have an impact on the marine environment.

The UK is also a technology leader for wave and tidal power through the country’s universities and facilities such as the Orkney-based European Marine Energy Centre (EMEC) which is at the forefront of the development of marine-based renewables.

UK Energy brand launch

In order to help market the UK energy sector, UKTI and the energy industry jointly launched a UK Energy brand during the year. This will help UK energy firms to market themselves abroad, while also alerting overseas companies to the strengths of the UK energy industry.

UKTI will encourage UK companies to use the identity at almost 100 energy-related events, both in the UK and abroad in 2009.

Looking forward

With its long tradition in energy innovation and a reinforced regulatory framework supporting new energy infrastructure, the UK is well placed to meet the challenge of a low-carbon energy future. International companies will play an integral role in this future.



International Power

Sector: Energy

Market: Vietnam

Country of origin: UK

London-headquartered International Power, one of the world’s leading electricity generating companies, has been working over the last year to establish a presence in Vietnam.

The firm, which opened a representative office in Hanoi in September 2008, has been developing relationships with several reputable partners and exploring a number of project opportunities.

Together with its partners, including local partner Bac Ha Investments (part of Sovico Holdings), International Power has also been developing a competitive bid for the Nghi Son 2 project, which is a two x 560MW power plant located 180km south of Hanoi.

Throughout this process the company has regularly used the advice and services of UK Trade & Investment, particularly its Overseas Market Introduction Service reports.

www.ipplc.com

IN SPITE OF THE CREDIT CRISIS, FOREIGN DIRECT INVESTMENT REMAINED AT A HIGH AND STABLE LEVEL, REAFFIRMING LONDON'S LEADING INTERNATIONAL ROLE.

In a turbulent year for financial services globally, foreign direct investment into the UK was remarkably resilient, reaffirming the country's long-established position as the leading international centre.

The number of new inward investment projects within the sector increased compared to the 108 recorded in the previous financial year. However, reflecting the downturn in the sector, the number of jobs created was lower, in line with other business sectors.

Importantly, financial services companies investing in the UK believe that London's leading international role continues as a centre for banking, insurance, asset management and professional services. In spite of the credit crisis, financial institutions still see an operation in London as a prerequisite to status as a global player.

The UK's concentration of capital and capabilities remains unrivalled. This status was recognised once again when London ranked first

for the quality of its business environment in the Global Financial Centres Index 2009 (published in March 2009 by The City of London Corporation).

Foreign direct investment from key markets continues

The USA remains the largest investor, accounting for roughly a third of all new investments. A notable US investor during the period was First Citizens BancShares, the largest family controlled bank in the USA, which chose London for its first overseas representative office.

With the continued development of major Asian economies, and their ambition to expand in overseas markets, it became clear that many opportunities existed for foreign direct investment in the UK, and UKTI was very pleased to sponsor the Boao Forum for Asia International Capital Conference in June 2008.

Notably, the India Infrastructure Finance Company, the Indian Government-backed infrastructure fund, chose to make its first overseas office in the capital. Additionally, Hana Bank, the leading South Korean bank, opened its European Headquarters in London.

The UK is ideally placed to offer a choice to companies seeking to establish value-for-money operations. UK regions provide cost-effective accommodation and office space while still retaining high-quality infrastructure and service. There is a growing trend for banks to open regional operations as they increase their presence in the UK. For example, Deutsche Bank opened a transaction reconciliation processing

centre in Birmingham last year and grew the operation significantly during 2008/09.

Several banks extended their retail operations by opening new branches across the UK. The highest-profile example of this was Handelsbanken, the Nordic bank that continued its branch opening programme and now has more than 60 UK branches.

Working with its regional partners, UKTI has produced a brochure showcasing the UK's regional attractions in financial services, entitled *Delivering Regional Excellence*. This highlights the important role played by the UK's regions in delivering financial services both at a national and international level.

London and the UK remain heavyweight players

As the location for the world's pre-eminent source of international capital, London's status as a major financial centre is reaffirmed. Several studies published during the period also illustrate the UK's strength across a range of global financial markets. The UK trade surplus in financial services rose to a record £43 billion in 2008.

Within banking as a whole, the country was the world's largest source of international bank lending, accounting for 18 per cent of cross-border lending in 2008, and was the source of 23 per cent of European investment banking revenue. Premium income of the UK insurance industry was £263 billion in 2007 (the most recent figures), making the country the largest international insurance market.

“THE STRATEGIC SUPPORT PROVIDED BY UKTI, ITS ANALYSIS AND ITS INSIGHT, PROVED TO BE INVALUABLE IN HELPING LOCKTON TO OBTAIN A WHOLLY OWNED FOREIGN ENTERPRISE LICENCE TO OPERATE AS AN INSURANCE BROKER IN CHINA.”

Julian James, Chief Executive Officer,
Lockton International

Within traded securities, the UK accounts for a large share of world markets. Daily foreign exchange trading was US\$1,679 billion in October 2008, making up more than a third of global volumes. The London Stock Exchange had a 22 per cent share of global foreign equity trading in 2008, and the UK had a 29 per cent share of international bond issues.

And, within the newer asset management markets, the UK accounted for 7 per cent of global private equity assets and 20 per cent of hedge fund assets in 2007 (latest figures available).

Anticipating a new era

With the credit crisis unfolding, the UK took a leading role in debating the shape of financial regulation and market supervision. As it moves to a new system of regulation, the Financial Services Authority's (FSA's) focus is likely to be on financial prudence while seeking to avoid stifling sensible innovation.

“The Turner Review”, a wide-ranging review of global banking regulation written by FSA Chairman Lord Turner and published in March 2009, was regarded as a watershed in financial regulation. As Lord Turner said, “A global market economy remains the best means of delivering global prosperity: it requires a global banking system focused on serving the needs of businesses and households, not in taking risks for quick return. Major changes in regulation and in supervisory approach are required to deliver that. The approach has to build on a system-wide perspective: failure to look at the big picture was far

more important to the origins of the crisis than any specific failures in supervising individual firms. And it must reflect the reality of a global financial system without a global government; we need both far more intense international co-operation and greater use of national powers.”

Looking forward

Foreign institutions are taking a longer-term approach to their expansion plans, although a presence in the UK is still regarded as essential for those seeking to grow their business and international standing outside their domestic markets.

While the USA will probably remain the greatest source of foreign direct investment, Asian countries such as China and India are likely to increase in significance.

The year ahead will be challenging as the global financial services industry adapts to the severe contraction in financial markets and higher levels of regulation. Nevertheless, in addition to the UK's skills, infrastructure and critical mass in finance, companies report that the country's open economy and level playing field are key differentiators when looking to invest overseas.



China Construction Bank

Sector: Financial services

Location: London

Country of Origin: China

The China Construction Bank upgraded its London presence from a representative office to subsidiary status in January 2009. The company, located in London's Canary Wharf, will operate as a wholesale bank.

CEO of the new operation, Shaolin Xiao, said: “International operations form an integral element of our strategy and the City of London is a fundamental component of this network. China Construction Bank (London) Limited, as the first subsidiary of the Bank in Europe, connects our domestic clients and their European partners with value-added services and signifies our long-term commitment to supporting our clients – not just in China but throughout the rest of the world.”

“We are grateful to UKTI and Think London for their continued support through the process of increasing our presence in this vibrant financial centre”.

ICT EXCELLENCE ATTRACTS FOREIGN COMPANIES.

The Digital Britain Interim Report outlines a strategy to allow the country's information and communications industries to remain at the forefront of cutting-edge developments. Whether it is MP3 players or mobile internet, digital content or software solutions, the UK is a highly attractive location for new and growing companies in the sector.

The UK is also the largest European market for IT products and services. It is growing faster than other major European markets, in particular due to substantial government investment in technology in: government and healthcare; the UK's financial services market; and investment by major retailers in increasingly global-scale operations systems. These factors helped influence Indian software product development company Zanic Technologies' decision to set up its European headquarters in London.

As well as information and communication specialists, the ICT sector includes electronics designers

and manufacturers, companies developing consumer electronics and those making industrial electronics for the aerospace and defence sectors – in other words a real skills and talent base. Which is why, in January 2009, Microsoft decided to set up one of its European “search” operations in London. The centre specialises in “user experience”, developing improvements to layout, results displays and homepage, as well as delivering instant answers to popular questions. UKTI, in conjunction with Think London, assisted Microsoft's move by providing business intelligence, talent pool analysis, recruitment and visa assistance.

The ICT sector is worth around £150 billion per annum, making it a major force in the economy. And new technology will come into its own even more as companies adapt innovative ideas to address the current challenging economic environment. Innovative companies such as Textura Corporation, a US software company that set up its European Headquarters in London. Textura is an innovative online service that automates the repetitive manual tasks required for billing and payment activity throughout the construction supply chain.

And in the past year Inspiriem Technologies of Canada established its European headquarters and R&D facility in Warwickshire, in the West Midlands. The company provides business-enabling technology solutions to clients. Its investment plans were jump-started by participation in Advantage West Midlands' Bridge to Growth programme.

Global communications hub

The UK is one of the largest mobile telecommunications markets in Europe, with 70 million subscribers and generating around £21 billion of turnover a year. It is home to leading mobile operators Vodafone, Telefonica (O2), France Telecom's Orange, Deutsche Telekom's T-Mobile and Hutchison's 3.

There are more than 18 million broadband connections in the UK, representing 58 per cent of households (Source: Ofcom). Advances in mobile internet technology, widespread take-up of HSPA upgrades to 3G networks, and development of LTE – long term evolution technologies – means the UK is at the forefront of even faster access. The UK is a leading light in the enabling technologies of LTE, for example in the area of MIMO.

Not surprisingly, the UK continues to draw new and growing firms in the sector. In the past year, Airvana of the USA, a provider of mobile broadband services, expanded its centre for UMTS product development in Cambridge – keen to tap into the city's university network and highly trained workforce. And Huawei Technologies, the Chinese telecoms company, announced its intention to expand its UK presence by increasing the sales team in Slough and establishing an R&D Marketing Hub and a Strategy and Planning Research Centre in Basingstoke.

Digital home entertainment

The UK is Europe's largest market for MP3 players, flat-panel TVs and games. It also leads the way in terms of take-up of digital TV services. Demand for services continues to

“REACH LOCAL IS NOW HELPING HUNDREDS OF LONDON FIRMS LEVERAGE THE POWER OF SEARCH MARKETING, WHICH MAKES ALL THE HARD WORK WORTHWHILE. AGAIN, WE COULD NOT HAVE DONE IT WITHOUT UKTI.”

John Mazur, CEO ReachLocal UK

grow, driven by SMS, e-commerce and internet video, such as the BBC's iPlayer which introduced a new feature, Series Stacking, in September 2008. This allows viewers to watch previous programmes from selected series until the series has ended. UK take-up of digital distribution and flat-panel TVs has created an even richer programme environment with increasing numbers of channels distributed in high definition (HD).

These innovations, and the related content market, make the UK one of the most attractive markets in which to introduce innovative products and services for home entertainment.

Enterprise systems and technology

Britain's attractiveness to foreign investors is enhanced by the UK Government's expenditure – more than £17 billion a year – on ICT products and services. The Government is an early adopter and key driver of new technology. Britain is leading the major countries of Europe in terms of e-government and is focused on delivering more services online, in healthcare, HMRC, education, Department of Justice, ID and passports. For example, Alert Life Sciences Computing from Portugal set up in the UK to provide integrated business services for the healthcare sector.

In addition, the UK is one of the world's leading developers of intelligent transport systems (ITS). London has led the world on congestion charging systems and monitoring and information systems for roads. Railways is another area; while the Highways Agency is also spending in the region of £1 billion

(Source: DfT) on ITS monitoring and communications projects. John Keells Computer Services of Sri Lanka set up in Slough and offers bespoke software development and offshore services mainly to the aviation industry.

Looking ahead

The switch from analogue to digital will facilitate additional capacity for wireless, from providing broadband internet access in difficult-to-reach rural areas to very fast broadband in denser population centres and innovative new entertainment and information services.

The UK is at the forefront of a number of new technologies for wireless communications from low energy Bluetooth connections for use in healthcare, femtocells which will shortly improve in-building mobile coverage, to MIMO technologies which are a key part of LTE next-generation mobile developments.

We are also investing heavily into silicon photonics research which has the potential to raise significantly the performance of digital optical communications networks.

In enterprise software the UK is a leader in key areas of search and security technologies, attracting investors such as AVG, Kaspersky, Microsoft, and Symantec. Other growth areas include the development in plastic electronics, primarily in the Cambridge area. Meanwhile, Fujitsu of Japan opened a world-leading data centre in Stevenage and Telehouse has expanded its facility in East London.



Microsoft

Sector: ICT

Location: London

Country of origin: USA

In January 2009, global ICT giant Microsoft opened a Search Technology Centre in London after receiving advice from Think London and UK Trade & Investment.

The centre is Microsoft's largest in Europe and works closely with sister bases in Munich and Paris. Employee numbers are expected to reach several hundred across Europe in the next five to ten years, a significant percentage of which will be in London.

General Manager Jordi Ribas said: "We selected London because all our top competitors are here. Another key factor was the availability of top talent."

He added: "Think London and UK Trade & Investment provided us with very good advice throughout the process of setting up our presence."

www.stceurope.co.uk

THE UK MAINTAINED ITS LEADING POSITION AS CENTRE FOR LIFE SCIENCES INNOVATION AND DELIVERY.

A rush of deals among the world's largest pharmaceutical companies is set to inject a new wave of opportunity into the life sciences sector. Pfizer's US\$68 billion takeover of Wyeth kicked off the consolidation in January 2009, followed by Roche's US\$45.7 billion bid for Genentech and Merck's US\$41.1 billion move on Schering-Plough.

Alongside this global consolidation in the sector, the UK's reputation for creativity and delivery held true. The country's success in life sciences – with UK companies accounting for 45 per cent of new biotechnology drugs in late-stage clinical trials in Europe – is driven by its rich pool of talent and skills. Its world-class scientific institutions, impressive research base and track record in product development continue to attract and retain healthcare innovators.

Pfizer has announced it will open a centre of excellence for stem cells in Cambridge and has formed Cyclofluidic, a breakthrough technology company, in partnership with USB. The company's aim is to significantly accelerate the drug discovery process by allowing researchers to test a greater range of potential new medicines in a shorter time. The UK Government's Technology Strategy Board helped to facilitate the deal and continues to support Cyclofluidic by co-funding its R&D.

Additionally, United Therapeutics of the USA expanded its European headquarters in Chertsey, Surrey, a move likely to generate significant job creation over the next few years.

New entrants into the UK included Ammiral, Spain's largest pharmaceutical company, which established a UK headquarters at Stockley Park, near Heathrow, after acquiring a portfolio of products from UK-based Shire.

Sewon Cellontech's decision to set up an office and R&D facility in Cambridge for its regenerative medical system division was another vote of confidence for the UK. The Korean firm, which provides cell treatments, haematopoietic stem cells, medicines and cosmetics, was attracted by the strength of the UK's research base, the quality of its academic institutions and the presence of like-minded companies in the Cambridge area.

The UK's infrastructure and its potential as a springboard to mainland Europe, attracted Biocon, an Indian company developing biopharmaceuticals for diabetes, cancer and inflammatory diseases, to set up its European headquarters in the UK. UKTI, with

Think London, introduced Biocon to potential academic research partners and helped to select its London location.

The healthcare and medical technology sector also remained buoyant, helped by the UK Government's continuing commitment to increase investment in the NHS. The NHS acts as a highly effective incubator of life sciences achievement, boosted by its close relationship with UK centres of academic excellence and its focus on the progress of translational medicine.

This proved a draw for AgaMatrix of the USA, which develops and manufactures products designed to improve the quality of diabetes care. The company announced in June 2008 that its new European headquarters would be based in Oxfordshire. It is working with the NHS to develop WaveSense, a new technology that personalises each diabetes test to provide world-class accuracy. UKTI helped AgaMatrix find a way into the NHS through its extensive network of contacts.

Healthcare themes and emerging trends

Stem cell research remained highly topical following US President Barack Obama's funding reversal. The UK, well established as a world leader in the field, is looking forward to increased collaboration with US institutions. Additional funding and the removal of funding restrictions would allow Britain's premier institutions to further their existing collaborations and expand into new areas of research.

In the healthcare and medical technology sector, UKTI received an upsurge in inquiries about telehealth, telemedicine, medicines for children, translational medicine and dentistry. In addition, UKTI is progressing enquiries across a broad range of disease areas and treatments including neurosciences, oncology, infectious diseases, vaccines, monoclonal antibodies and tissue engineering.

Regulatory developments

The UK Government agreed a new Pharmaceutical Price Regulation Scheme (PPRS) with the industry in February which will provide a stable

and supportive environment for pharmaceutical companies for the next five years.

Importantly, the new agreement introduces a more flexible pricing regime, allowing companies to raise or lower list prices following evidence about a drug's efficacy, or if a product proves useful for different treatments. Furthermore, the National Institute for Health and Clinical Excellence (NICE) will now assess the drug at this new price for clinical and cost-effectiveness.

The agreement also sets out a more systemic approach to Patient Access Schemes. These schemes can improve the cost-effectiveness of drugs, so giving patients access to medicines that would otherwise be considered too expensive.

In July last year Lord Darzi published "High Quality Care for All", the final report of his Next Stage Review of the NHS. The report centres around increased patient choice, partnership between key players and quality care. It sets out an environment within which innovation can flourish, ensuring that effective medicines and medical technologies are adopted, and creating new partnerships between the NHS, universities and industry to develop pioneering new treatments.

Looking ahead

The newly formed Office for Life Sciences will be the driving force in healthcare innovation in the coming year. Led by Lord Drayson, Minister for Science and Innovation, the Office comprises officials from the Department for Business, Innovation

and Skills, the Department of Health and HM Treasury.

Its focus over the next six months will be to take swift action to improve the operating environment for the pharmaceutical, medical biotech and medical devices sectors. Its work will contribute to Government initiatives to establish a "new industrial activism", to improve the UK's business environment for leading industries.

One of the key objectives of the Office will be how best to market and communicate the UK's strengths in life sciences to the world. UKTI will play a lead role in this work, drawing together business, academia and government to ensure that the UK message is coherent and compelling to overseas purchasers and investors.

**PFIZER ANNOUNCED
A CENTRE OF
EXCELLENCE FOR
STEM CELLS IN
CAMBRIDGE.**



ICON plc

Sector: Life sciences

Location: Edinburgh

Country of origin: Ireland

In 2008, Dublin-headquartered ICON plc, a global provider of outsourced development services to the pharmaceutical, biotechnology and medical device industries, opened a new operation in Edinburgh after receiving assistance from Scottish Enterprise.

The opening, which initially created 60 jobs, demonstrates Scotland's increasing status in the rapidly expanding global outsourced clinical research market, which is set to be worth some US\$24 billion by 2010.

"Edinburgh's excellent infrastructure and highly skilled labour force made it an obvious choice for our first Scottish operation," said Alan Morgan, Chief Operating Officer, ICON Clinical Research.

"The help and support we received from Scottish Enterprise also made our decision easier compared to the other locations reviewed."

www.iconplc.com

UK Trade & Investment, working with key partners across the UK, provides an unrivalled network of support to help overseas companies fulfil their international ambitions. This network can assist at all stages of the business planning cycle, providing advice and in-depth information from the beginning of the decision-making process through to the detailed exploration of investment location options in the UK.

UK Trade & Investment, through its global team of expert advisers, will also provide support for international businesses to grow globally from a UK base.

UK Trade & Investment will provide targeted companies with a range of support, including (where appropriate) a client account manager who will help existing investors develop their business.

Guardian Industries Corporation

Sector: Manufacturing | Location: Yorkshire | Country of origin: USA

www.guardian.com

Worldwide glass manufacturer Guardian Industries has further demonstrated its commitment to the Yorkshire and Humber region with the launch of a new £6 million laminating line at its Goole plant. This will produce Guardian LamiGlass, a safety glass often used in hotels, schools and storefronts.

that it is pretty central to the UK's glass market around the M62 corridor. The area has a skilled workforce, good rail links for bringing in sand and good road links for distributing glass. The new line will mean more local jobs for local people."

HR Manager Karl Robson said: "We chose to invest in Goole because of its good infrastructure and the fact

I-Can Nano

Sector: Nanotechnology | Market: India

www.i-cannano.com

I-Can Nano was set up in 2006 with the help of UK Trade & Investment's Global Entrepreneur Programme. This UK-headquartered global operation, the brainchild of Mumbai businessman Dr Arup Chatterjee, has enjoyed considerable recent success in India.

was appointed as a supplier to leading Indian IT parks and premium residential, hotel and hospital projects; and won a contract to supply the 2010 Commonwealth Games in New Delhi.

In 2008 the firm – based in London and Kolkata – which uses nanotechnology to produce environmentally friendly paints and coatings, signed an MOU with Tata Motors;

Moreover, in February 2009, I-Can Nano was given the go-ahead by the Indian government to build a revolutionary waste plastic to nano-carbon facility in New Delhi.

MBA Polymers UK

Sector: Environment | Location: Nottinghamshire | Country of origin: USA

www.mbapolymers.com

In January 2009, Californian-owned MBA Polymers, Inc, chose a site in Worksop for its joint venture with Warrington-based European Metal Recycling (EMR) Limited after receiving support from the East Midlands Development Agency (emda).

The Worksop site, which will create some 100 new jobs, will house a plastic processing facility providing sustainable plastics to the UK and European automotive and durable goods markets.

The joint venture, known as MBA Polymers UK, processes shredder residue upgraded by EMR, utilising plastic resin from plastic waste.

Dr Michael Biddle, Founder and President of MBA, said: "This facility is an exciting development, as it expands our global ability to deliver high-quality resins from recycled plastic with a very small carbon footprint."

Mobilegov

Sector: ICT | Location: Reading | Country of origin: France

www.mobilegov.com

In 2008, French security software editor Mobilegov opened an office in Reading after receiving support from UKTI Paris and the South East England Development Agency (SEEDA).

"Like Sophia Antipolis, where we have our head office, the Thames Valley has a large ICT community, and this made our choice easier. We have built a fantastic link with local government agencies and it is also crucial for the development of our network to stay close to our resellers and partners."

Managing Director François-Pierre Le Page said: "As a leading patented technology owner, we were very strongly encouraged by SEEDA and the Thames Valley Economic Partnership to set up in the UK.

IdentiGEN Ltd

Sector: Life sciences | Location: Newport | Country of origin: Ireland

www.identigen.com

In March 2009, Dublin-based IdentiGEN, a leading provider of DNA-based solutions to the agri-food industry, announced its decision to establish a new laboratory centre in Newport, South Wales, creating 27 jobs.

The company chose Newport due to the area's reputation for providing highly qualified university graduates, the availability of first-class laboratory premises, good air

links to Dublin, and because of the assistance that it received from International Business Wales.

Managing Director Ciaran Meghen said: "Establishing our bioanalytical facility in South Wales is a critical step in our plan to deliver innovative DNA-based solutions to the UK agri-food industry. The Welsh Assembly Government has made the process of locating to Newport straightforward and cost-effective."

Shopatron

Sector: Retail | Location: Swindon | Country of origin: USA

<http://ecommerce.shopatron.com>

In July 2008, Californian firm Shopatron, the world's leading provider of global e-commerce for consumer goods, announced its decision to establish an operating centre in Swindon.

Chief Operating Officer Sean Collier commented: "As part of our global expansion we investigated several different locations to provide service to all our European customers.

"After receiving great insight from the South West Regional Development Agency and the UK Trade & Investment team in Los Angeles, it became obvious that Swindon was the perfect choice. The town's location on the M4, its status as a major rail hub and its proximity to key international airports make it easy and inexpensive to access. Swindon also has an abundance of local talent."

AttentionIT

Sector: Environment | Location: Warrington | Country of origin: USA

www.attentionit.com

Tennessee-based AttentionIT, which provides waste tracking and management software applications for the environmental waste management industry, has established a £4.5 million office in Warrington after working closely with the North West Development Agency, the North of England Inward Investment Agency and the Cheshire and Warrington Economic Alliance.

Principal and co-founder Dan Smith said: "The site will serve as our international headquarters. Being based in Warrington, which has one of the UK's largest clusters of nuclear facilities, will allow us to tackle the entire UK market and ultimately to break into Europe and beyond.

"Although our company is based in Knoxville, I anticipate the UK office becoming the larger employer within the next three years."

Tech Mahindra

Sector: Telecommunications | Location: Tyneside | Country of origin: India

www.techmahindra.com

Tech Mahindra, one of India's largest technology companies, recently decided to establish a centre in South Tyneside to service its expanding European and North American client base after working closely with One North East.

Mahesh Nagaraj, Tech Mahindra's Vice-President of Strategic Initiatives, said: "South Tyneside was chosen as the location for the business expansion of Tech Mahindra based on a critical evaluation process.

The centre, situated in Jarrow's Viking Business Park, will be a major investment for the company, generating up to 500 new jobs in five years.

"This centre will be a showcase for Tech Mahindra's services in the UK/European public-sector space and will be involved in delivering a number of business-critical services."

WORKING IN PARTNERSHIP ACROSS THE UK.

UK Trade & Investment is the government organisation that helps UK-based companies succeed in the global economy and assists overseas companies to bring their high-quality investment to the UK. It also works in close partnership with the English regional development agencies and the national development agencies in Scotland, Wales and Northern Ireland.

INVESTMENT CONTACTS

East

East of England International
www.eeia.com

East Midlands

East Midlands Development Agency
www.emda.org.uk

Greater London

Think London
www.thinklondon.com

North East

One North East
www.onenortheast.co.uk

North West

Northwest Regional Development Agency
www.nwda.co.uk

Northern Ireland

Invest Northern Ireland
www.investni.com

Scotland

Scottish Development International
www.sdi.co.uk

South East

South East England Development Agency
www.seeda.co.uk

South West

South West of England Regional Development Agency
www.southwestrda.org.uk

Wales

International Business Wales
www.internationalbusinesswales.com

West Midlands

Advantage West Midlands
www.advantagewm.co.uk

Yorkshire and Humber

Yorkshire Forward
www.yorkshire-forward.com

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International Trade Team
www.uktradeinvest.gov.uk/ukti/north_east

North West

International Trade Team
www.uktradeinvest.gov.uk/ukti/north_west

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Invest Northern Ireland
www.investni.com/trade

Scotland

Scottish Development International
www.sdi.co.uk

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International Trade Team
www.uktradeinvest.gov.uk/ukti/south_east

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www.uktradeinvest.gov.uk/ukti/south_west

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INVESTMENT SPECIALISTS OFFERING INVALUABLE SUPPORT.

UK Trade & Investment offers a range of expert services that help overseas businesses, whatever their size and experience, locate or expand in the UK and develop internationally.

Every year we help hundreds of firms – from hi-tech start-ups to multinational industry giants – bring high-quality investment to the UK and discover global growth from a UK base.

Our dedicated staff work to ensure that companies can have access to information, advice, practical support and contacts that will make establishing or expanding a UK presence much easier.

We advise on the UK as a potential business location and springboard for global growth, providing information on where and how to set up in the UK, help with finding partners and accessing financial incentives, introductions to key contacts and access to professional service organisations.

Once investors are established we can then provide support with new business opportunities, choosing a new UK location, having a say in UK Government, trading overseas and setting up a European HQ.

World-class network

Headquartered in London, UK Trade & Investment's inward investment services are centred in Business Group, where the Directorate for Investment is located. They are delivered through our extensive national and global network, which works with inward investors at all stages of their decision-making cycle.

Boasting specialist teams in a regional network of offices throughout the UK and in embassies, consulates and high commissions across the world, UK Trade & Investment works in partnership with the development agencies in England's nine regions, and with the devolved administrations in Scotland, Wales and Northern Ireland.

We also work closely with the private sector, as demonstrated by the UK Advisory Network of Intermediaries.

This collaborative effort is a crucial factor in securing and consolidating high-value inward investment for the UK.

Structure overview

UK Trade & Investment's Directorate for Investment is responsible for UKTI's global investment effort, promoting the advantages of investing in, doing business with and growing globally from the UK. Key roles include developing and nurturing relationships with individual companies – particularly those that are innovative and focus on research and development (R&D) – and ensuring that they know how UK Trade & Investment can help them.

UK Trade & Investment's Research & Development specialists can help R&D and technology-intensive investors take advantage of the R&D resources available in the UK, access up-to-date information on the latest R&D policies and initiatives and explore international business opportunities.

They may also direct them to the Global Partnerships Programme

(GPP), which helps overseas companies find academic or commercial R&D partners in the UK, or the Global Entrepreneurs Programme (GEP), which can enable high-technology businesses to make the UK their global headquarters.

For overseas companies that have already established themselves in the UK, UK Trade & Investment provides access to the Investor Development Network, which provides ongoing aftercare to investors.

Sectors Group and the Directorate for Investment administer the team of "Sector Champions" business specialists whose work in identifying and supporting activities with priority corporate targets helps deliver an understanding of UK sectoral strengths and significantly enhances the inward investment operation.

Marketing Group delivers marketing collateral and communications support to raise awareness and improve perceptions of what the UK has to offer as an inward investment location. Promoting the UK as a springboard for global growth, the Group generates leads that can be converted into investment projects.

International Group runs UK Trade & Investment's Customer Relationship Management (CRM) system. This logs company details and calls, helping the organisation work with businesses at all stages of their business planning cycle.

The Olympic Legacy Unit (OLU) works strategically with UKTI teams to attract foreign direct investment associated with London 2012 and

to promote the export potential of British companies involved in the Games. The OLU acts as the focal point for UKTI in developing Olympic Legacy Strategy, working alongside key government and non-government partners to deliver an enduring UK-wide economic legacy and to promote a 21st century Britain globally.

UK Trade & Investment works closely with its parent Departments – the Department for Business, Innovation and Skills, and the Foreign & Commonwealth Office – particularly the Department for Business, Innovation and Skills’ Business Relations team and their Business Environment Unit.

Business Relations helps drive up productivity in key industry sectors by providing effective communications between business and Government and underpinning them with high-quality analysis and commercial understanding.

The Business Environment Unit is responsible for identifying the barriers to commercial success and working with business and policymakers across Government to develop effective means to overcome them. It provides the secretariat for the Business Council for Britain.

The Business Council for Britain itself assists the Government to focus resources on the areas where it can make the most difference to the business environment. The Council comprises senior business people from a range of sectors, able to provide clear, independent advice on the reform priorities for business competing in a global economy.

Voices from the network



David Wallace

International and Innovation Director, East Midlands Development Agency (emda)

“I have responsibility for attracting international investment to the East Midlands and for helping the region’s businesses to benefit from innovation. Most of my contact with UK Trade & Investment, however, is in my capacity as the lead Director on International Trade & Investment for all nine English RDAs. In addition, I co-chair the International Business Development Forum, which co-ordinates the UK’s inward investment and trade effort.

“The close relationship between the RDAs and UK Trade & Investment has been an important factor in maintaining the UK’s position as a major destination for inward investment. It is hugely rewarding when you can see the difference you can make by finding new ways for us to work together.”



Sameera Patwari

Account Manager – Pharmaceuticals Sector, UKTI Directorate for Investment

“A large part of my job involves client-facing work, engaging at senior levels on opportunities, understanding client needs and finding solutions to support their activities.

“No two days are the same: one day I can be involved with briefing clients about the benefits of being in the UK, while the next day can involve pulling together policy lines on the business environment.

“I am currently co-ordinating a Ministerial welcome to a new investor. It is exciting to see a project that I have been involved with come to fruition.”



Justine Winterburn

Investment Officer, British Embassy, Madrid

“I am responsible for co-ordinating investment work in the Spanish UKTI network and also work closely with the team in Portugal. I ensure that colleagues have the key UK and priority sector selling messages, up-to-date information on internal processes and financial support for marketing activities such as seminars, inward missions and training.

“As UKTI Iberia, the Madrid and Lisbon teams have recently run four successful inward missions to the UK. It’s really rewarding being involved in a project from its initial stages to completion, and seeing the company in question grow and prosper and show appreciation for the support it has received.”

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. 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 organisation 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.uktradeinvest.gov.uk or telephone +44 (0)20 7215 8000.

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Published June 2009 by UK Trade & Investment

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URN 09/125

