

The UK: A springboard for global growth

An introduction from UK trade & investment

Indian companies have found a base in the UK, that matches their aspirations for strategic global growth, a country well suited to their success, a second home for their businesses.

We should not be surprised by this. There are many well-known examples of Indian entrepreneurial success in Britain. The UK is, after all, a familiar, open and welcoming environment for Indian people. British people of Indian origin account for 2% of the total UK population but punch above that weight to generate 5% of UK GDP.

So the path to business success from India to the UK is a popular and well-established journey. Now more than 600 Indian companies have chosen to locate businesses in the UK. They come from a wide range of business areas – from IT, of course, which accounts for about half of these investments. Increasingly, we are seeing new businesses from India in the UK in many sectors – in chemicals, engineering, financial services, life sciences, logistics, manufacturing, media and entertainment, retailing and in other areas. Large companies as well as small and medium sized firms are creating global growth through the UK.

Indian businesses recognise that the UK is different. The UK is an established investment multiplier for companies, a springboard to international growth that upgrades the value of a company's investment. In the UK, companies plug directly into the heart of global finance, global creative and professional services, global media, and global talent. These services support the growth of international companies. The globalised nature of the UK is reflected most clearly in the unique multicultural economy that is London. 75% of Fortune 500 companies have an office in London, more than 500 foreign companies including more than 40 Indian firms listed are on the London Stock Exchange, and the workforce is more than 40% from outside the UK.

Indian Government statistics show that a massive 50% of India's investment in Europe goes to the UK. And that's before we take into account the very large acquisitions of Corus and LandRover Jaguar. India's business judgement is clear – the UK is their chosen environment for success in Europe, and the natural location for their headquarters in Europe. That reflects a global consensus too. The UK is the leading recipient of Asian and US investment in Europe.

The UK remained the number one destination for inward investment in Europe in 2007 with more than \$US1.3 billion in foreign direct investment stock in the UK, according to the United Nations Conference on Trade and Development (UNCTAD), World Investment Report. The stock of inward investment measures the actual book value of assets held by foreign investors in the UK. Globally the UK was second only to the US.

Why do Indian firms choose to invest in the UK?

- The UK is Europe's best environment for business.
- The UK brings world class creativity and innovation; and a chance to collaborate with the best of Europe on design, branding and technology.
- Access to a gateway of international connections, and a meeting place of customers from the rest of the world.
- A low tax and cost base compared to other countries.
- The openness of UK markets.
- A flexible labour market that allows businesses to respond quickly and easily to opportunity and risk.

Together this adds up to an investment environment that is low on risks, high on rewards, and accelerates profit growth.

Many Indian businesses prefer to acquire businesses in the UK, and it's easy to see why. The UK offers an excellent business environment in which to run a business, in a framework that is familiar to Indian businesses. Acquisitions can offer access to sales and distribution networks, a faster return on investment, and asset prices have attracted Indian businesses looking for growth and diversification.

UK Trade & Investment (UKTI) has worked directly with about 250 Indian businesses investing in the UK, and has expertise to offer Indian companies based on our experience. UKTI is a British Government organisation set up to assist Indian companies to bring high quality investment to the UK's dynamic and open economy.

The scale of interest from Indian and British companies working together and in each other's markets is reflected in the fact that UKTI has offices in nine locations in India. These are spread across the major metros of Delhi, Mumbai, Chennai, Bangalore, and Kolkata, as well as in Chandigarh, Ahmedabad, Hyderabad and Pune. UKTI's team of more than 90 people work to bring UK and Indian CEOs together for investment in both directions.

Its partners support UKTI across the UK regions and devolved administrations. Many of these agencies have their own dedicated staff based in India given the importance of Indian investment to the UK. UKTI represents the whole of the UK, and can help Indian companies to understand how and where to set up a successful business in the UK. Staff from the regions in the UK; offer an excellent additional perspective on the opportunities and benefits of their locations.

UKTI also has a special programme to support companies bringing exceptional talent and IP to the UK, where UKTI can assist networking with VCs, business angels and other key business contacts in the UK.

We see great potential for more investment in to the UK and even greater success for Indian firms in the UK, and a profitable and great super-highway of investment between the UK and India.

Why choose the UK?

The UK has a reputation as a cutting-edge pioneer in technology, design and creativity, a reputation that is complemented by the Government's commitment to excellence in research & development (research & development). As a result, the UK has become the top European location for innovative companies from across the world, particularly in high value-added businesses in sectors such as information and communications technology, advanced engineering, life sciences and research & development. International businesses see a UK location as an ideal gateway to building success throughout an expanding Europe, as well as obtaining ready access to our domestic market. Many companies choose to begin this process by floating equity on a UK market. There are now more than 460 companies from over 60 countries listed on the London Stock Exchange.¹

London is Europe's largest international banking centre, boasting almost half of all the EU's financial services and the world's highest number of foreign banks. It is consistently voted Europe's best city to set up a business by leading companies. Establishing a presence there, and in the UK's other dynamic commercial centres, is uncomplicated and straightforward.

The UK is a unique, multicultural, innovative and entrepreneurial economy. It has embraced the opportunities of the global market place and represents a key international business hub, with unrivalled trade links to the Commonwealth, the US, and Asia. The UK is a springboard to global growth.

This chapter was produced with the assistance of UK Trade & Investment. UK Trade & Investment is the Government organization that helps businesses locate in the UK and grow internationally. Every year it helps hundreds of firms, from hi-tech start-ups to global industry leaders, discover global growth from a UK base.

¹ London Stock Exchange, 2008