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CASE STUDY

UK-generated profits amounted to 30 percent of CSE Global's total last year --- bearing testament to the extensive business opportunities available there.

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The UK is the 12th largest export market for Singapore after other AsiaPac countries and the US. In 2007, Singapore exports to the UK exceeded S\$9.2 billion.

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Grow your business by exploring opportunities in the United Kingdom

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MARKET FOCUS

UK: Springboard for businesses looking to expand into Europe

By Ian Cranshaw, Director, Inward Investment, UKTI

Shared language and history; similar business environment and legal framework; flexible labour regime; and a transparent and stable government make the United Kingdom (UK) an ideal launch pad for Singapore businesses intending to take their business global.



These commonalities also provide a conducive backdrop for bilateral trade. Singapore is the UK's largest trading partner in South East Asia. More than 60 percent of all UK goods and services exports to South East Asia are to Singapore. On a global stage, Singapore is the UK's sixth largest export market and seventh largest source of imports outside of Europe. Bilateral trade relations are excellent: there are few import tariffs, and Singapore fully supports the WTO process.

Setting up a business in the UK is not as expensive as some might believe. In fact, the UK remained the top destination in the European Union (EU) for Singapore's direct investment, with stock of S\$15.8 billion in the UK in 2006 --- a more than two-fold increase from the previous year. The UK's share of Singaporean investments into the EU now stands at 80 percent.

Singapore and the UK are leading investors in each others' economies. For the fourth consecutive year, the UK is the largest overseas investor in Singapore. The stock of the UK's foreign direct investment in Singapore in 2006 exceeded S\$54.8 billion, up 10.5 percent from 2005.

Singapore's investments in the UK are not confined to multi-national corporations and government-linked companies, but also include many small and medium enterprises, which have shown significant interest in establishing a presence in the UK in recent years. Their activities stretch the length and breadth of the country and include a diverse range of sectors such as information and communication technology, real estate, financial services, transport and logistics, aerospace, and food and beverage.

Many local companies that have taken advantage of the UK's excellence in research and development; domestic demand and access to internal markets; and cutting-edge technology have since made substantial gains and in-roads on the international map. These companies include ComfortDelgro, Creative Technologies, Singapore Food Industries, Singapore Technologies, Sembcorp, Flextronics, HTL International, Tienwah Press, MycobioTech Inc, Megachem, Merlion Pharma, Drilltech Group, Apem Plastic and Oak3 Films, and CSE Global Limited.

Challenges ahead, government outlook

The twin global shocks of the credit crunch and the surge in energy and food prices have hit every country in the world, including the UK. However, the UK is better placed to weather the economic storm than it was in the 1970s, 80s or even early 90s.

The UK entered this period of global turbulence with a stable economy (with an unprecedented 63 consecutive quarters of positive growth and employment remaining high) and a strong and profitable financial sector. It has historically low levels of inflation and high levels of employment.

The latest European Cities Monitor 2008 has ranked London as the top European city in which to locate a business for the 19th consecutive year, and the UK Government is confident that London will maintain its position as the world's leading international financial centre.

Trade and investment will remain two vital components of UK's wealth creation. Last year, a total of 1,573 foreign direct investment projects from 48 countries was recorded in the UK --- an increase of 10 percent. This inward investment from overseas companies created over 45,000 new jobs and safe-guarded over 58,000 in the UK.

The growth of emerging and high growth economies will continue to boost global demand and provide new sources of wealth. The UK is strongly placed to take advantage of this on the back of market openness and global expertise.

FEATURED IADVISOR



Name: Sunny Chia
Company: UPS
Expertise: Import/Export
Market: Asia Pacific, Europe

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Opportunities in the UK

- The UK has received more investment from foreign companies than any other country in Europe and has attracted the highest number of European headquarters operations. It is ranked by the World Bank as the leading major European economy for ease of doing business.
- The United Nations Conference on Trade and Development's World Investment Report 2008 named it the number one destination for inward investment in Europe in 2007.
- The UK has the strongest academic research base in Europe and is home to the continent's top six universities.
- The Cambridge University has been awarded more Nobel prizes than any other institution globally.
- London is ranked as the leading financial centre in the world. More than twice the amount of US dollars were traded on the UK foreign exchange market than in the US.
- London has over 250 foreign banks with branches or subsidiaries – almost double the number in New York.
- In the automotive industry, 17 of the world's top 20 component manufacturers have UK production facilities.
- In aerospace, the UK has over 13 percent of global turnover, the highest in Europe.

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