GOING GLOBAL
EXPORTING TO THE UK
A guide for clients

#GlobalAmbition
Currency: Sterling

Population: 66.57m

GDP growth of 1.4% and 1.2% (in 2018 and 2019, respectively)

4th in the Global Innovation Index

Ireland and Britain trade over €1bn worth of goods and services every week (bilateral trade)

Exports by Enterprise Ireland clients (2018): €7.91bn

Client exports to the UK equated to 35% of overall client exports in 2018
WHY EXPORT TO THE UK?

The UK is the second largest economy in the EU and is one of the strongest in terms of standards of living, unemployment, interest rates, inflation, and inward and outward foreign investment.

The World Bank describes the UK as one of the most successful nations in terms of the application of the rule of law, control of corruption, Government effectiveness, and regulatory quality, placing it number seven on their Ease of Doing Business Rankings.

Devolved administrations in Northern Ireland, Wales and Scotland are now led by separate political parties to the main Westminster Government, and operate with devolved powers.

The UK is a leader and benchmark for other countries in sectors like financial services, retail, construction, and offshore wind. In its most recent Industrial Strategy the Government has pledged to develop the right environment for business to thrive covering people, infrastructure, places, business environment. These have been followed by sector deals for life sciences, automotive, creative industries, Artificial Intelligence (AI) and construction. Other priority sectors include aerospace, advanced manufacturing and financial services.

As reflected in client activity, the UK remains the most attractive market for Irish exporters to start and scale based on its size, proximity, common language, business and legal systems as well as a large and wealthy population and the broad range of industries.

REASONS TO INCLUDE THE UK IN YOUR EXPORT STRATEGY

The UK attracts more FDI than any other European Country

The UK is the easiest country in Europe to do business in

The UK is ranked 4th in the Global Innovation Index

The UK is the world’s number two financial centre

Largest e-commerce market in Europe

Four of the world’s top 10 universities and four of the world’s top 10 business schools are located in the UK

Strongest venture capital environment in Europe for creating “unicorn” companies (tech start-ups valued at over $1 billion)
GET READY TO DO BUSINESS IN THE UK

Business culture in the UK

The UK may be Ireland's closest neighbour, yet, there are some differences in the UK's business culture. Approach it as you would any other new foreign market and acquaint yourself with its business culture before beginning business.

In a business context, there are crucial differences:

• Formality and conservatism are two of the hallmarks of British business culture
• Many UK organisations are risk averse and take time to evaluate potential new suppliers
• A formal, process-based approach to managing in-bound sales enquiries is common and is often a sign of how competitive the market is
• Networking is highly valued in obtaining introductions to decision makers in UK businesses - contacts are often initiated through a well-connected third party
• Communication style tends to be diplomatic and avoids confrontation
• The UK is not one homogeneous region – each area and country within the UK has its own local characteristics and local pride

Geography

Britain is a mature market with well entrenched domestic and international suppliers. Research it thoroughly to assess your competitors and look for processes that can be improved on; there is always scope for market innovations.

Travel

The UK is well connected by its air, rail, road and port infrastructures. There are 40 commercial airports in the UK that help to link together major business hubs in England, Scotland, Northern Ireland and Wales. The UK is ranked 9th in Europe for the quality of its railroad infrastructure and 8th in Europe for the quality of its port infrastructure. When deciding to do business in the UK it is important to take proximity to transport links into account for ease of access to market.

UK to remain a key market for Enterprise Ireland clients

Brexit and the uncertainty that it brings presents challenges. Enterprise Ireland's response to this in the marketplace is threefold:

• To assist clients in identifying the growth opportunities in their sector or adjacent sectors/sub-sectors.
• To assist clients to identify the innovation required for their product or service to establish its competitive position, ability to command margin and be future-proofed in a dynamic market.
• To assist clients grow and diversify their customer range and geographic footprint in the UK.

While strategies to offset whatever consequences arise from Brexit, the UK market still presents a significant opportunity for Irish businesses.

Routes to market

Direct sales

Customers must feel as though you are in the market permanently, so allocate appropriate resources.

Commercial agents

If your business has a solid lead-generation system and sales process in place, locally based agents can be useful to close deals.

Partners

A good way of gaining scale and building sales opportunities in sectors that might be difficult to crack as a new entrant. Remember, when using any third party ensure there is enough margin in your pricing to make it worth your – and their – while.

Distributors

They have pre-existing lists of leads and potential clients. They assume the risk, but you can lose control of the relationship with end customers. Choose one that does not have competing products.

UK subsidiary or branch office

It can be a good idea to set up a UK subsidiary to get you through the early stages. In the beginning, consider a virtual office, ideally staffed by someone senior in your company.
THINGS TO CONSIDER

Establishing a presence in the UK

Potential customers in the UK are more likely to deal with companies which they feel are committed to the UK market. If a company is going to win direct sales in a market they must earn their customers’ trust. Customers must feel as though the company has a permanent presence in the market. To achieve this, the new entrant must allocate an appropriate amount of resources. Building a presence and a brand in the UK can be achieved in several ways:

• Virtual offices can provide several benefits for a company looking to establish themselves in a market with a city centre address, a UK telephone number, a receptionist, call handling and a perceived permanent presence in a region. These benefits can be retained without the costly outlay associated with accommodation in major cities across the UK.

• A physical presence in a new market can offer several benefits for a company. Supply chain decision makers and potential customers may feel more comfortable establishing a relationship with an Irish company if they feel that they are always accessible in the UK. A company with a physical presence in the market will also have dedicated resources allocated to that market. It can be much more difficult for companies to build relationships with potential buyers if they are splitting their time between Ireland and the UK.

• Networking events present valuable opportunities for companies to expand their knowledge, learn from other business, grow your brand, build relationships and win new contracts. Enterprise Ireland organise numerous networking events in market each year.

• Selling online can have several advantages over selling by traditional methods, including not having to incur high set-up and operational costs, avoiding the cost of renting a high street location, allowing customers to shop 24/7 and make faster payments through online transactions. However, if you are going to sell goods in the UK you may want to establish a UK website. Customers will be more likely to shop on a site if the prices are shown in their local currency and if they think customer service is readily available in their own country.

The Market Landscape

What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends

What are the patterns emerging in your market?
What do consumers and customers want today?

Target Market

How does your target market make buying decisions? Who are the relevant decision-makers - what are their job titles and responsibilities?

Market Segmentation

Who are your most likely customers, where are they located, how and what else do they currently buy, who are their influencers and what “needs” are you fulfilling?

Market Competition

Who are your rivals in the market and how do their offerings compare with or differ from yours?

Market Research Resources

Staying abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the UK market.

Enterprise Ireland’s Market Research Centre offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.
Enterprise Ireland has identified several opportunities for Irish companies based on UK Government initiatives and evidence of sectoral growth:

**Sectoral initiatives**

*Connected health – National Health Service (NHS) and private healthcare*

The National Health Service (NHS) is a challenging, complex market in the UK. Enterprise Ireland provides access to market experts and key networking events so that clients can navigate through and succeed in the market.

The five-year NHS funding plan announced in 2018 will increase the budget by 3.4% annually bringing the budget to £147.76 billion for 2023/24 and yet resources can still be severely stretched. The NHS offers opportunities for suppliers who can help to close the projected £30 billion gap it faces by 2021.

Key issues that the funding plan will address that are of interest to Enterprise Ireland and connected health/medical devices/services clients include:

- Improving productivity and efficiency
- Eliminating provider deficits
- Reducing unwarranted variation in the system so people get the consistently high standards of care
- Getting much better at managing demand effectively
- Making better use of capital investment

The private healthcare sector is currently valued at £6.05 billion and is generally open to innovation with less bureaucracy and quicker decision making for the right products and services.

**Financial services**

The UK financial services sector remains a global hub. Despite the uncertainty of Brexit, the market offers great opportunity for disruptive Fintech and Regtech companies to offer scalable solutions helping productivity. With over 250 foreign banks, capital markets, currency, payments legal and professional services and the largest insurance market in Europe, London remains a global centre of financial expertise.

Also, Edinburgh is the second financial sector and should not be overlooked with 25% of market share in assets under management.

**Construction**

The Office for National Statistics have reported output as flat in the three months to May 2019 while new orders increased only marginally at 0.4%.

Market analysts Glenigan have projected the strongest growth outside London and the South East, with project starts in the Midlands and the North of England being the best performing regions. The residential market continues to offer significant potential with Government incentives and funding in place to drive an increase in housing starts by 50% including considerable growth in the private build-to-rent and social/affordable housing provision.

As capacity continues to be a challenge, the push towards offsite and modern methods of construction remains a growing feature of the UK construction market.

**Engineering**

The UK’s aerospace industry captures 17% of the global market and is considered the largest player in Europe and the second largest globally after the US. In recent years aerospace has vastly outperformed the general UK market and through the Aerospace Growth Partnership (AGP) both industry and Government are working to sustain this.

**Agricultural machinery**

With the focus of the UK agriculture sector on being more resilient and sustainable, increasing the quantity and quality of agricultural production is paramount. In addition, Brexit is leading to uncertainty in terms of farm labour. The Government is considering the replacing of the current Common Agricultural Policy (CAP) farm assistance programme with a new system focusing on environmental outcomes. These drivers present opportunities for suppliers with solutions for "intelligent farms" that are connected through smart solutions and efficient machinery that drive productivity and automation and/or solutions which reduce cost while improving environmental impact.

**Cleantech/water and wastewater**

Water: The water sector in England and Wales is globally unique, with privatised companies providing water and sewerage services to over 50 million consumers. An increasing emphasis on wastewater treatment, and major projects like the Thames Tideway Tunnel, has helped to push up Spend during the most recent Asset Management Cycle (AMP6) from 2015-2020.

Renewable Energy: The UK is the world leader in offshore wind with an ambitious generation target of 30GW by 2030 (more than doubling 2018 generation figures). Under the UK Offshore Wind Sector Deal, the Government’s vision for the offshore wind sector up to 2030 includes £48 billion investment in UK
infrastructure and £2.4 billion a year reduction in total electricity systems costs.

The Government has also announced funding worth up to £557 million for renewable energy auctions, with the next one planned for spring 2019. It will be made available to less established technologies, including offshore wind, anaerobic digestion, biomass with combined heat and power as well as wave, tidal and geothermal.

**Retail and consumer**

The UK is the largest e-commerce market in Europe and within that there are opportunities for Irish companies to succeed in both retail and retail tech. Traditional retailers are rethinking existing partnerships and enlisting the help of non-traditional and emerging retail players – M&S is partnering with True to drive its digital innovation agenda, as is John Lewis and its retail tech innovation programme, JLAB.

**Talent management**

Brexit uncertainty will have a knock-on effect for recruitment in key sectors such as financial services, health, and technology. Due to a potential shortage of talent, UK companies are becoming increasingly focused on attracting and retaining staff by improving their HR processes and strengthening their employer brand. This is creating significant opportunities for HR and talent platforms which can influence employer brand and employee retention, providing a strong market opportunity for suitable Irish companies.

**Business process outsourcing**

Multilingual skills, industry experienced talent, and proximity are among the key factors for the recent shift of British companies “nearshoring” from previous offshore regions such as India and China.

**Digital technologies**

The UK digital technology sector was worth £184 billion to the UK economy in 2017, up from £170 billion in 2016, and employs 1.1 million people. The sector is growing faster than the economy and spreading beyond the southeast and big regional cities. In line with the wider aspirations of the industrial strategy to promote economic growth and prosperity across the whole UK, the Government wants to see the tech sector realise its huge potential to boost communities and economies across the entire nation.

**Internet of Things (IoT)**

Big data and the Internet of Things (IoT) are set to be worth £322 billion to the UK economy, or 2.7% of GDP, by 2020. London’s mayor announced a smart city roadmap with the aim of making London the world’s smartest city, including the promotion of greater data sharing among public services through the London Office of Data Analytics – in which the mayor will invest £365,000 - and proposals to develop a pan-London cyber-security strategy.

**Artificial Intelligence (AI)**

The Government is making a £1 billion investment into Artificial Intelligence (AI), including an investment of £93 million from the Industrial Strategy Challenge Fund towards the research and development of robotics and AI technologies for use in industries such as:

- Offshore and nuclear energy
- Space
- Deep mining

**Regional initiatives**

**Northern Powerhouse**

The Northern Powerhouse, a dynamic growth region in the UK (if it were a country it would be the 10th largest economy in Europe), has been growing faster than London over the last two years. City regions involved include Liverpool, Manchester, Leeds, Sheffield, Newcastle and Hull, as well as areas such as Cumbria, Lancashire, Cheshire, North Yorkshire and the Tees Valley. The opportunity for Enterprise Ireland clients is in supporting initiatives in road, rail, freight, aerospace, and skills development. Key deliverables include:

- Transform city to city rail connectivity east/west and north/south through both HS2 and a new TransNorth system, improve road infrastructure and freight capacity.
- Add £56 billion in nominal terms to the northern economy and increase the North of England’s Gross Value Added (GVA) by £44 billion.

Enterprise Ireland has opened a new Manchester office in 2019 to aid client companies in this region.

**Scotland**

Scottish GDP is by and large tracking that of the UK with a forecast of 1.2% for 2019. The Scottish Government’s Infrastructure Investment Plans highlight strategic, large-scale investments over the coming decade, giving rise to opportunities in sectors such as energy, water and housing.
Brexit
Brexit has possible effects on many areas including standards and regulatory alignment, customs, tariffs, logistics and the freedom of movement of people. Currency rates will continue to shift as negotiations continue.

Law, legislation and regulation for businesses
UK and Irish law are based on the same principles, and so many of the basic instruments, particularly for areas of contract law are similar. There has been some divergence between the two legal systems since the foundation of the Irish state, however, and within the UK there are some differences between English and Scottish law. Though many of these differences are minor, before engaging in any contracts where there may be some ambiguity or doubt about the exporter’s obligations it is important to consult with a legal expert.

Setting up a subsidiary
Driven by Brexit and a desire to demonstrate deep commitment to the UK market and customers, more Irish companies are considering establishing a UK virtual or legal presence. To address this Enterprise Ireland has developed a series of 3 guides covering this area in more detail and has a network of partners who can assist in all aspects from legal to payroll etc. By way of summary the Companies Act 2006 was introduced to overcome much of the complexity and time-consuming nature of setting up a business in the UK. This is particularly important for companies wishing to establish a presence in the UK, be it a small sales office or a larger facility. Non-nationals are not subject to any additional restrictions to UK citizens for setting up a business, but for all types of companies or presences there are procedures to be followed. For more information on setting up a presence, see: www.companieshouse.gov.uk.

Employee rules
Employment law can be complex but there is a wealth of information available on all aspects of recruitment, pay, workplace conditions and hours, and dispute resolution and information that is particularly relevant for SMEs from the Advisory, Conciliation and Arbitration Service (ACAS), see: www.acas.or.uk.

Competition and intellectual property protection
Regulatory features are also in place in the UK to promote fair market entry and fair business. The Government has introduced new measures to help protect Intellectual Property Rights (IPR) including adjustments to the former Patent Office (now UK Intellectual Property Office) and have allocated further public funds toward the protection of intellectual property. For assistance with IPR you can:
• Use the IP Equip service to find out which type of intellectual property you have, see http://www.ipo.gov.uk/blogs/equip/
• Speak to a professional, e.g. a patent attorney or trademark attorney, while basic advice may be free, see http://www.cipa.org.uk/
• Go to a local IP clinic or the British Library Business and IP Centre in London

Corporation Tax
You must pay Corporation Tax on profits from doing business as:
• A UK limited company
• Any foreign company with a UK branch or office
All companies, bar those that make profits from oil extraction or oil rights in the UK or UK continental shelf, pay a Corporation Tax rate of 19% on profits. You can register for corporation tax through https://www.gov.uk/corporation-tax.

Value Added Tax (VAT) – when you must pay
When selling goods or services in the UK market you may be obliged to register and pay for VAT. This depends on the mode of export and the value of exports. Further details of UK taxes and tax obligations can be obtained from HM Revenue and Customs, see www.hmrc.gov.uk.
HELPING YOU WIN IN THE UK

Enterprise Ireland assists clients entering new markets with:

**Pre-visit support**
Prior to engaging with an overseas market, client companies should engage with their Development Adviser (DA) and the Enterprise Ireland Market Research Centre in Dublin to ensure they leverage the full range of possible supports in preparation for engaging with the Enterprise Ireland team in the market.
- General market and country level information
- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary
- Summary of relevant market information resources

**In-market support**
- Introductions to buyers and decision-makers
- Identification of potential partners
- Facilitation of buyer visits to Ireland
- Assistance with product launches/workshops
- Securing reference sites

**International trade events programme**
Every year Enterprise Ireland organises an extensive programme of events to support your business abroad. These include:
- Inward buyers’ missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Study visits to gain knowledge of overseas markets
- Client knowledge events including seminars and workshops
- Networking events to build and enhance relationships with market contacts

Further information is available at: [https://www.enterprise-ireland.com/events](https://www.enterprise-ireland.com/events)

**Hot desk space**
Enterprise Ireland’s offices at Shaftesbury House, in the heart of London, offer hot desk facilities to client companies, free of charge. The area is internet-enabled, but please be aware that we do not provide any other support services – such as printing, refreshments etc. To book, log on to [https://uk.bookingbug.com/home/33936-Enterprise-Ireland](https://uk.bookingbug.com/home/33936-Enterprise-Ireland).
It also has a range of meeting rooms, subject to availability, capable of holding between four and 18 people. Contact Enterprise Ireland for more information.

**Additional supports**
- Introductions to specialist expertise such as legal, recruitment, public relations and taxation.
AGENCIES AND NETWORKS IN THE UK

**Agencies**
UK Trade & Investment (UKTI) - www.ukti.gov.uk

**London**
London & Partners - www.londonandpartners.com

**Scotland**
Scottish Development International - www.sdi.co.uk

**Wales**
Business Wales - www.business.wales.gov.uk/starting-business

**North East**
Digital and Commercial Creative Network - www.codeworksconnect.net

**North West**
Invest in Manchester - www.investinmanchester.com
Liverpool Vision - www.liverpoolvision.co.uk
Support Network for Customer Management - www.callnorthwest.org.uk

**Yorkshire and the Humber**
Guide to Yorkshire - www.yorkshireforward.com
Science City York - www.scy.co.uk

**East Midlands**
Medilink East Midlands - www.medilinkem.com
Midlands Aerospace Alliance - www.midlandsaerospace.org.uk

**West Midlands**
Medilink West Midlands - www.medilinkwm.co.uk

**East of England**
Health Enterprise East - www.hee.org.uk

**Irish UK Networks**
The Irish International Business Network (IIBN) - https://www.iibn.com/
The London Irish Business Society (LIBS) - www.li-bs.co.uk
The British Irish Chamber of Commerce (BICC) - www.britishirishchamber.com
The Ireland Funds of Great Britain (IFGB) - www.theirelandfunds.org/great-britain
The London Irish Construction Network (TLICN) - www.tlicn.com
The London Irish Lawyers Association (LILA) - www.londonirishlawyers.co.uk
The Women's Irish Network (WIN) - www.womensirishnetwork.com
British Irish Trading Alliance (BITA) - https://www.bita.ie/
Irish Film Festival - http://irishfilmfestivallondon.com/
Irish Lawyers - http://www.londonirishlawyers.co.uk/
Engineers Ireland - https://www.engineersireland.ie/groups/regions/ gb.aspx
Irish in Britain - http://www.irishinbritain.org/

**Office Space**
Contact Enterprise Ireland UK for a directory of office supports across the UK region.
References

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15. https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/bulletins/constructionoutputingreatbritain/may2019
27. https://www.bbc.co.uk/news/uk-scotland-scotland-politics-45195734