



# CREATING OPPORTUNITY

How to build a new era of trade  
for Brexit Britain

**Ipsos Business Consulting**

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## FOREWORD BY PETER SNELL

CEO - IPSOS BUSINESS CONSULTING

Britain's momentous decision to leave the European Union was a tremendous shock for those who voted to remain, the country's trading partners and even many who had cast their ballots to leave.

It was, without doubt, the nation's most significant constitutional decision in living memory. While the decision has been made, it will take time to see how the cards will fall. As such it is impossible to accurately predict what effect "Brexit" will have on Britain, the EU and the rest of the world.

We all hope for a pragmatic solution to the question of how exactly the UK will disentangle itself from the EU and whether it will remain part of the bloc's customs union with access to its single market. These are nerve-wracking times, nevertheless. The British government says it will trigger Article 50 of the Lisbon Treaty — thus starting the two-year process of defining the terms of Britain's exit from the EU — by the end of March 2017. The process will likely be protracted and involve its fair share of contentious debates and negotiations as all parties focus on resolving intricate legal and bureaucratic details.

Britain will be freer to determine the nature of its trade relations with other nations once it is unencumbered by EU law. Such agreements have the potential to be more advantageous for the UK than those signed as part of the European grouping. However, Britain cannot formally negotiate new trade agreements until Brexit has been completed and the country has officially left the EU. So what to do in the meantime?

**CREATING OPPORTUNITY:** How to build a new era of trade for Brexit Britain seeks to clarify this quandary by presenting a positive case for redefining British trade in the 21st century. It draws on our global network of trade experts and emerging market specialists at Ipsos Business Consulting — a team with decades of experience helping clients identify and exploit opportunities around the world — to provide a non-partisan, apolitical look at opportunities and partnerships that exist outside of mainland Europe.

It is also a call for the British people to draw on their natural strengths for doing business — the island nation has been trading in one form or another since the Bronze Age and championed the birth and development of global free trade.

Regardless of whether people supported or opposed the vote to leave, it is time to dig deep and find the best solutions for building business beyond the temporarily waters of European trade. From adversity comes opportunity, and establishing trade further afield will help build a stronger, more sustainable and connected base for generations to come.

Britain's future depends on it.

**Peter Snell**  
CEO

Ipsos Business Consulting



*Regardless of whether people supported or opposed the vote to leave, it is time to dig deep and find the best solutions for building business beyond the temporarily roiled waters of European trade.*

## FOREWORD BY LYNN MORGAN

### HEAD, EUROPE AND THE AMERICAS

Britain's decision to leave the European Union shocked the global business community. The referendum result sent markets into turmoil and saw sterling drop to its lowest point in more than 30 years.

While the turbulence has stabilised, shockwaves are still being felt and we should expect a relatively rocky ride once the government formally starts the process of disentangling the UK from the EU when it triggers Article 50 of the Lisbon Treaty sometime in the first quarter of next year.

There is growing recognition that the withdrawal from the EU will be a hugely complex affair. The government must help put people's minds at rest about how this process will progress, especially given current concerns over the precise nature of the options available which range from a soft to hard Brexit, with the latter representing a radical change in almost all relations with the EU on issues of trade, commerce, customs and immigration.

Business leaders have two basic options — wait for clarity on the post-Brexit market environment or act now to create opportunities beyond European markets and forge relationships with new partners around the world.

Businesses simply cannot afford to sit around, given that Brexit will take at least two years to complete. They must take a proactive approach to expanding trade. Fortunately, as this report shows, numerous opportunities exist.

Britain already has strong relationships with trading partners in the Americas, Africa, Australasia and Asia. Consumers, businesses and governments around the world hold the quality and value of British products and services in high regard. Indeed, China and the US are already important trading partners.

The EU has been the centre of the commercial universe for many British businesses, as well as playing a defining role in trade policy. In real terms, much of this activity has only been developed since the mid 1970s. Furthermore, the past does not need to define the future.

This is why we have produced *CREATING OPPORTUNITY: How to build a new era of trade for Brexit Britain*. The report presents British businesses and anyone interested in Brexit with a clear guide to markets outside of Europe where British businesses can build their trade. This includes where to strengthen business with established trading partners and how to tap potential in emerging markets. Ipsos Business Consulting specialists, with deep on-the-ground knowledge and experience, identify opportunities and challenges in each market and highlight areas of interest for both British powerhouses — such as manufacturing, engineering and healthcare — and niche industries that are just starting to venture further afield.

Overall, the report provides an opportunity to take the shock of Brexit positively and use it to refocus and reshape Britain's trading map on a global basis. Europe will of course remain a key trading partner, but never has there been a better time to seize the opportunity to explore new opportunities and secure a larger share of a growing global market.

**Lynn Morgan**

Head – Europe and the Americas  
Ipsos Business Consulting



*Ipsos Business Consulting specialists with in depth market knowledge and experience have identified opportunities and challenges in each market and have highlighted areas of interest for both British powerhouses and niche industries that are just starting to venture further afield.*



## INTRODUCTION

Britain is at a crossroads. The fact that a slim, but winning majority of voters — just 52% — cast their ballots to leave the European Union in the referendum on 23 June 2016 sent shockwaves around the world, disrupting financial markets and sending the pound into a freefall that would see it eventually bottom-out at a 31-year low against the US dollar.

The referendum result was expected to be close, however, few people in the business world expected “Brexit” to become reality. The decision has weakened business sentiment both in the UK and Europe, at least for the near term, with many investors reluctant to make firm commitments in either territory until the shape and form of the post-Brexit landscape becomes clearer.

Negotiating this will likely be a highly complex, contentious and drawn-out process. Given the UK government has indicated it will trigger Article 50 of the Treaty of Lisbon — starting the two-year legal and political process to define the terms of Britain’s exit from the union — in the first quarter of 2017, Ipsos Business Consulting takes the firm view that British businesses and their foreign trading partners simply cannot wait to see what happens. They must be proactive and strengthen trade with markets beyond Europe. If done properly, this could help build a further reaching, more productive global trading map that will create a larger market to the benefit of all.

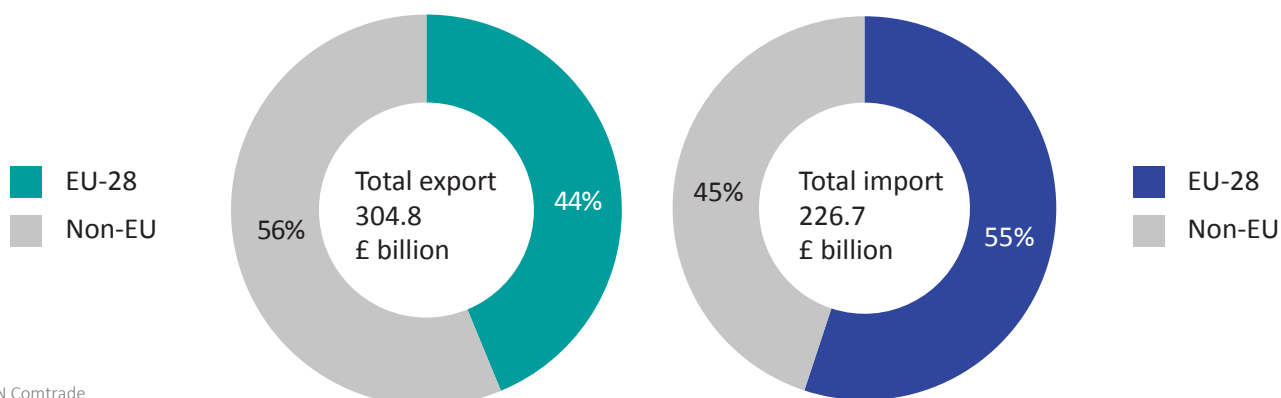
*CREATING OPPORTUNITY: How to build a new era of trade for post-Brexit Britain* draws on our broad and deep expertise as emerging market specialists who also have a longstanding position on established markets around the world. It shines a light on the global playing field as it exists today, provides insight into 18 markets in Africa, the Americas, Asia and the Middle East and identifies key opportunities and challenges in each country.

The report does not try to analyse the decision to leave the EU in either political or economic terms. Plenty of other parties are doing that. Furthermore, Ipsos Business Consulting believes it is simply too early to be able to provide meaningful insight into such matters at a time when nobody knows what the terms and conditions of Brexit will be. For the sake of this report we simply assume that the referendum result will be respected by parliament and Brexit will become a reality in some form or other over the next two to three years. This position frees us to look at global trading opportunities and provide British businesses with a blueprint for moving forward.

### **The world is waiting**

It’s important to remember that the majority of British exports are currently destined for markets outside of the EU. The proportion of non-EU trade was forecast to increase over time well before the June referendum took place. In our view, Brexit will merely catalyse the process. Markets around the world will seek to normalise trade relations with Britain, and there are multiple mechanisms available, from existing WTO statutes to bilateral trade agreements.

## UK's Export and Import Value - EU vs Non-EU



Source: UN Comtrade

Disruption should be expected during the Brexit process — some of this will be significant — but the situation will stabilise once the new normal has been established.

### State of play

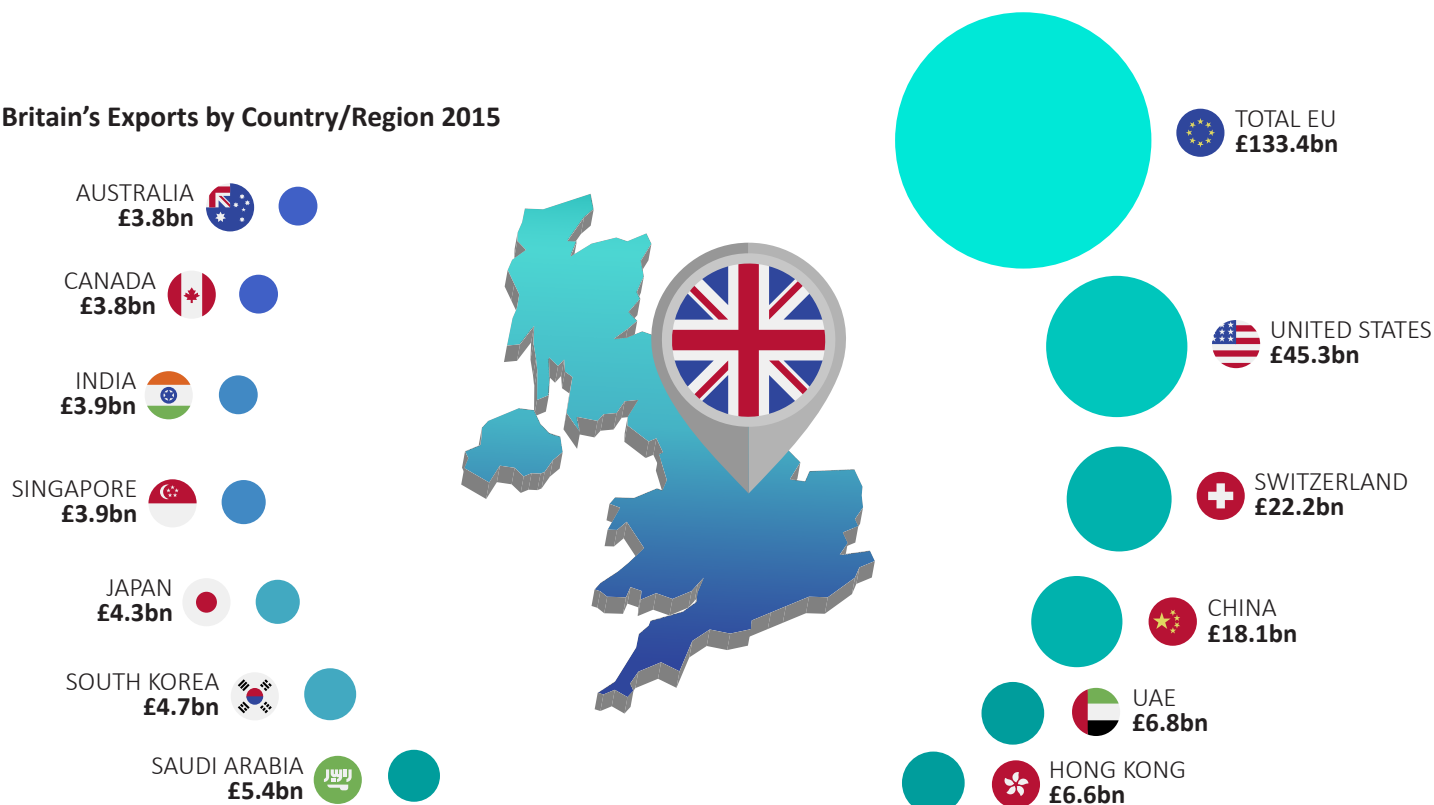
Instead of waiting for politicians and bureaucrats to finalise negotiations on what the new trade environment will look like, businesses and investors should instead arm themselves with a deeper understanding of the opportunities and challenges that exist in other markets today. This report helps interested parties take an important first step in establishing the state of play by assembling and analysing data from a broad range of sources, including Ipsos Business Consulting's global network, and answering key questions, such as: Which areas are poised for significant growth?

Which overseas markets have unmet needs? Where can British businesses help local partners move up the value chain? How is e-commerce changing the face of business in emerging markets? And, how is industry likely to change in developing countries that are upgrading infrastructure?

### Staying on the front foot

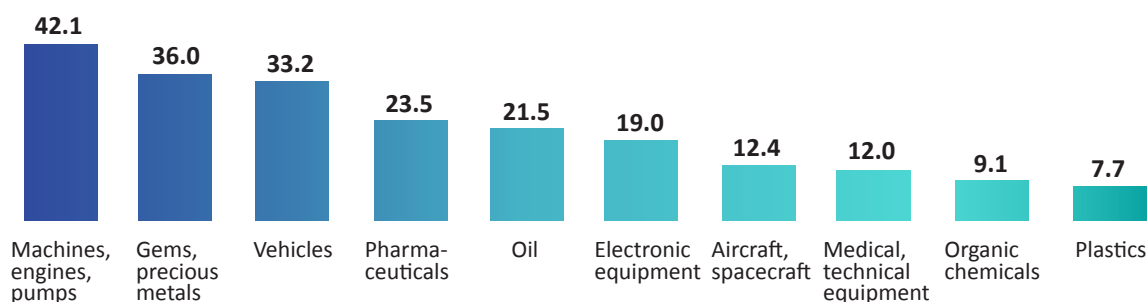
British overseas investment has historically centred on trade in manufacturing and industrial equipment, which stands in stark contrast to the country's largely service-based domestic economy. Many British investors in these sectors are currently pausing their activities to see how Brexit will affect the trade winds. Their inaction provides opportunities for informed, assertive players.

## Britain's Exports by Country/Region 2015



Source: WTE, HM Revenue & Customs, Ipsos Business Consulting Analysis

## Top 10 Exports in 2015 (Unit: £Billion)



Source: UN COMTRADE

These more visionary businesses may not know exactly what the post-Brexit trade map will look like, but they know that getting on the front foot by identifying industries and markets with significant and sustainable competitive advantages, as well as avoiding those that are reaching saturation point, will earn them a lead on competitors.

Companies operating in more niche or specialist sectors that haven't yet ventured much further afield than Europe will also learn about opportunities they can create by establishing themselves in emerging markets.

This fact-based report helps British businesses identify where they need to look for future growth depending on their industry. The publication draws on expertise from our global network of 20 country offices where our consultants have been helping develop tailored go-to-market strategies for clients since 1984.

Furthermore, each country report includes an Ipsos Business Consulting Expert View where our country heads outline key challenges and opportunities in their specific market. As a result, CREATING OPPORTUNITY: How to build a new era of trade for post-Brexit Britain will help British businesses and investors, and their potential trading partners, regain control of their future by turning any Brexit-related adversity into an opportunity to build bigger and better trade outside of Europe.

If you need any further information on how Brexit may affect your business:

Visit

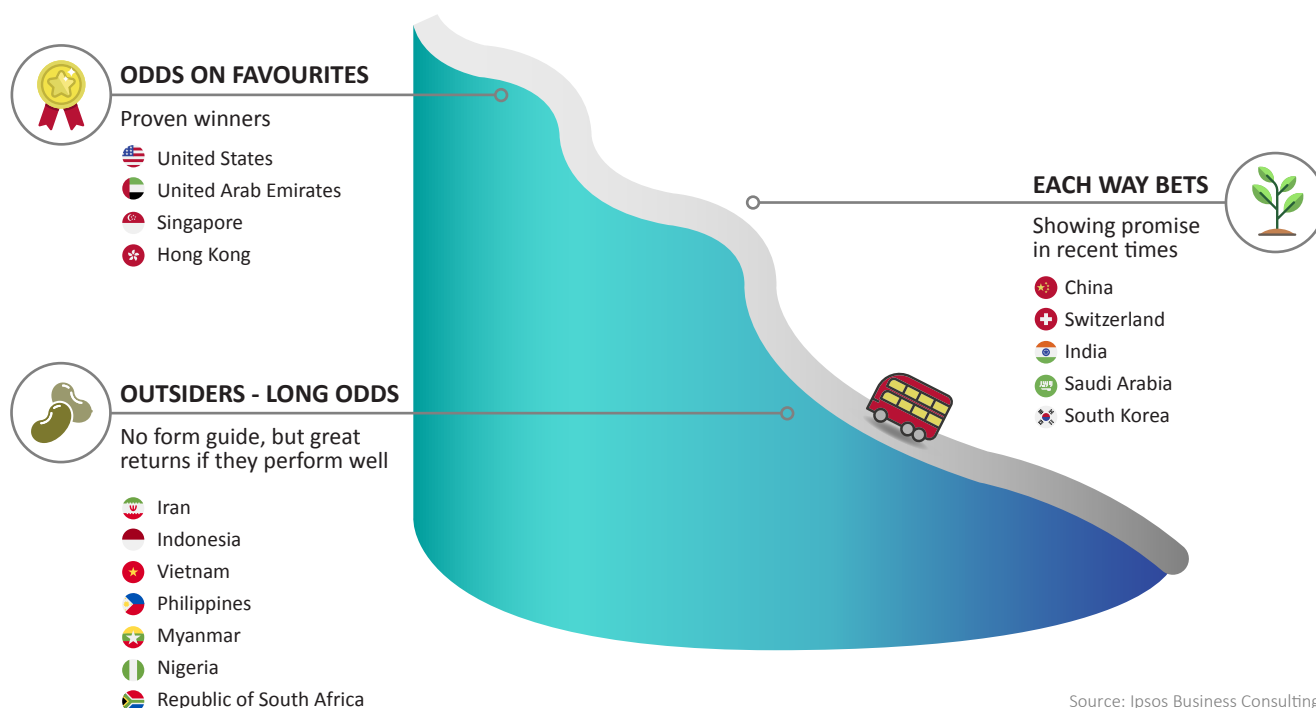
[www.ipsosconsulting.com/brexit-strategy](http://www.ipsosconsulting.com/brexit-strategy)

Contact us at

[brexit.support@ipsos.com](mailto:brexit.support@ipsos.com)

## Reshaping the UK Trading Map

There are many promising areas of opportunity for UK trade outside of the EU. The following countries could play a role in your Go-to-Market strategies.



Source: Ipsos Business Consulting Analysis



## THE AMERICAS



USA

Official language: English  
Population (million): 321.4  
Surface area (sq. km): 9,831,510  
GDP (PPP) (billion US dollar): 18,036.7  
GDP per capita (US dollar): 56,084  
Inflation, average consumer prices (%): 0.1  
Population below the national poverty line (%): N/A  
Poverty headcount ratio at national poverty lines (% of population): N/A  
Life expectancy at birth (years): All (78.9), M(76.6), F(81.4)

Britain's largest export market will undoubtedly renew its close bilateral trade agreement with the UK once Brexit has been completed and will likely remain the no.1 international destination for British products and services until 2030.

UK's Export to USA by Key Industry	Value (£million)	CAGR 2005-15
1. Pharmaceutical	7,815	14.5%
2. Power generating machinery	7,330	3.4%
3. Road vehicles	5,484	2.4%
4. Organic chemicals	3,843	13.2%
5. Artworks and antiques	3,585	6.8%
6. Medical devices	2,352	4.4%

Source: UN Comtrade

Ipsos Business Consulting — Local view  
Oscar Yuan, Head of North America

*"The US offers a strong pro-business environment for UK companies compared to most other advanced countries. With relatively low business taxes, strong legal protections (including bankruptcy laws), and a well-educated, motivated Anglophone workforce, it's no surprise that many British businesses are already trading successfully in the US."*

*"Significant challenges sit alongside opportunities, however, not least of which is having to understand and work within the many levels of regulations and taxation at the federal, state and local levels."*

**Oscar Yuan**

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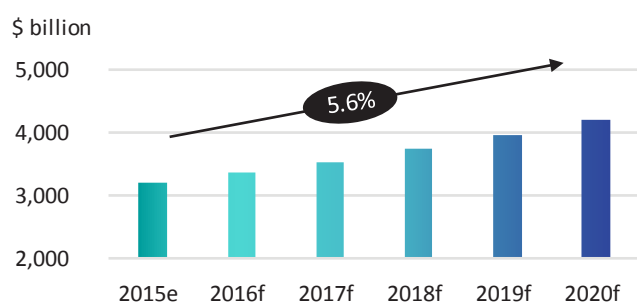
It is highly plausible that the US and Britain will tailor a bilateral trade agreement bypassing the Transatlantic Trade and Investment Partnership (TTIP), a set of secretive trade agreements between the US and EU aimed at removing regulatory inconsistencies between the two markets. Whichever option they choose, there will be a focus on building trade and reducing red tape between these two longstanding partners.

Britain's high-tech industries such as healthcare, machinery and automotive products have the strongest trade potential with the US.

Pharmaceuticals present a particularly rich opportunity. The US is the world's largest pharmaceutical market and it receives one-third of Britain's exports in this area.

Generic medicines are expected to drive short-term growth in the industry, in part thanks to the Affordable Care Act which has increased access to healthcare and medication across the country. Britain's well-established reputation for quality control and R&D places it on an especially strong footing in this highly regulated, US\$310-billion industry.

### Projected National Healthcare Expenditure in the U.S., 2015-2020

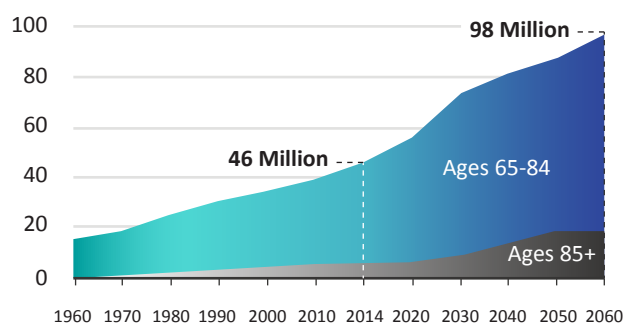


Source: Centers for Medicare & Medicaid Services

The US is also the world's biggest medical devices market, accounting for 43% of global share in 2015. The country's ageing population will continue to create demand for this sector and present significant opportunities for British manufacturers specialising in orthopaedics, imaging and diagnostics.

### U.S. Population Aged 65 and Older, 1960 to 2060 (Millions)

The number of Americans aged 65 and older will more than double by 2060



Source: PRB analysis of data from the U.S. Census Bureau

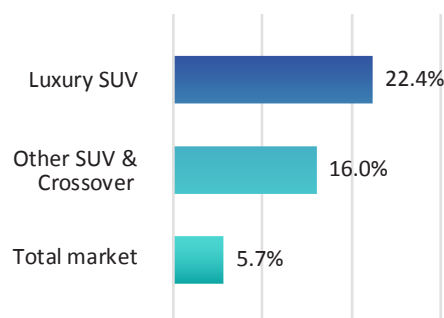
Britain is a key source of high value-added machinery for the US, especially for power generation, data processing and engines (British machinery imports to the US totalled \$329.3 billion in 2015). The US needs to heavily invest in research, technology and innovation to reduce manufacturing costs and effectively compete with China. Many British companies are expert in this area and they should focus on helping solve these problems for US customers.

The automotive industry is another area of special interest. Luxury cars and SUVs have been key growth drivers of British car exports to the US in recent years. This growth is expected to continue.

Britain's auto sector, having transformed itself from low-skilled volume production to high-end niche manufacturing, is poised to take full advantage of upcoming product launches in the US luxury market from now until 2019. High-end vehicles comprised about 20% of all new launches in the US from 2006–15, this is forecast to rise to 32% between 2016–19 due to higher recent investment in this segment.

British brands such as Bentley, Aston Martin and Rolls-Royce are aiming to replicate recent successes achieved by the likes of the Porsche Cayenne and Cadillac Escalade, as well as Land Rover's Range Rover.

### 2014-15 Annual Growth of Vehicle Sales in USA



Source: Automakers & ANDC, OICA

An increased focus on safety and fuel efficiency — driven by both consumer demand and more stringent regulations — present opportunities for British automakers focused on these areas. Connected and autonomous cars, which will become increasingly common, are heavily dependent on the type of cutting-edge technologies British firms are developing.

In new fields where the bar for quality has neither been set nor challenged, great potential exists for products which maximise power and convenience. British businesses have sound opportunities to draw on their global reputation as a source of ingenuity and innovation in these developing areas.



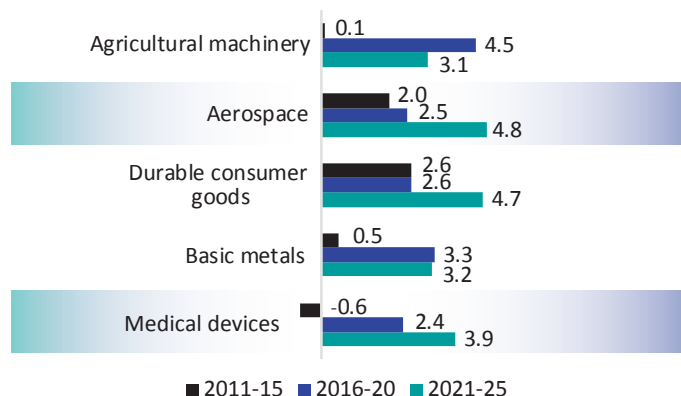
## CANADA

Official languages: English, French  
 Population (million): 35.9  
 Surface area (sq. km): 9,984,670  
 GDP (PPP) (billion US dollar): 1,633.7  
 GDP per capita (US dollar): 43,280.3  
 Inflation, average consumer prices (%): 1.1  
 Population below the national poverty line (%): N/A  
 Poverty headcount ratio at national poverty lines (% of population): N/A  
 Life expectancy at birth (years): All (82), M(80), F(84)

Canada is the advanced country offering the greatest potential for British businesses to increase their exports, according to HSBC bank. Infrastructure-related products and equipment have become key British exports to Canada. The country's stable economy, qualified workforce and advanced infrastructure bring domestic opportunities in addition to providing a foothold for accessing the US market.

The North America Free Trade Agreement (Nafta) has created a trilateral trading bloc between Canada, the US and Mexico. Other investments, such as factories producing goods for sale to the US, offer possibilities for forward-thinking companies.

### Top 5 Fastest Growing Industries in Canada 2015-25 (Average Annual Growth,%)



Source: Oxford Economics

UK Exports to Canada by Key Industry	Value 2015 (£thousand)	CAGR '05-'15
1. Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	799,976	0.26%
2. Aircraft, spacecraft, and parts thereof	520,965	1.72%
3. Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	518,959	12.83%
4. Pharmaceutical products	261,283	-3.85%
5. Electrical, electronic equipment	224,247	0.66%

Source: Trade Map

Canada's aerospace industry is destined for strong growth in coming years. This is good news for Britain, home to the world's second-largest aerospace industry after the US, 90% of which is devoted to exports.

Canada currently ranks third in the world for civil aircraft production, with a market value by revenue of more than CAD\$25 billion as of 2013. British companies can build their position by focusing on the needs of Canada's growing market as a designer and manufacturer of helicopters, large aircraft wings and engines, and advanced systems, such as landing gear, fuel, avionics and electrical power.

Healthcare spending is set to increase in Canada as a result of the country's ageing population with the rising prevalence of chronic diseases providing opportunities for expert British companies operating in this field.

Canada's medical device market was valued at US\$8 billion in 2014, making it the ninth largest in the world despite the country's ranking close to 40th in terms of population. Demand for medical devices, of which 80% of sales already come from imported goods, is set to rise. Orthopaedics, another strong area for British companies, are experiencing particularly strong growth at present. Prosthetics, dental equipment, patient aids and consumables are in high demand.

Britain's technical expertise can also find new opportunities within Canada's expanding rail network, with planned projects in urban, regional and intercity areas. Increased spending includes an upcoming £3-billion airport rail link in Montreal, and a separate £3-billion link between Montreal and Toronto among many other extensive plans for developing high-quality rail.

Canada's CAD\$169.8 billion ICT industry is another sector where Britain has much to offer. The Information and Communications Technology Council (ICTC) says expected growth in the smart and hyper-connected marketplace will result in 182,000 unfilled jobs in the sector by 2019. Britain ranks second in the world for software and IT services, according to the Global Innovation Index, putting its companies in a strong position to lead the way in Canadian projects.



## BRAZIL

Official language: Portuguese  
 Population (million): 207.8  
 Surface area (sq. km): 8,515,770  
 GDP (PPP) (billion US dollar): 3,291.5 (2014)  
 GDP per capita (US dollar): 11,920.3 (2014)  
 Inflation, average consumer prices (%): 6.3 (2014)  
 Population below the national poverty line (%): 8.9 (2013)  
 Poverty headcount ratio at national poverty lines (% of population): 7.4 (2014)  
 Life expectancy at birth (years): All (74.4), M(70.7), F(78.3)

Brazil's interim government is working to resolve numerous short-term problems and continues to show it is adopting a more business-friendly environment and international approach to the economy than that of the previous administration. Taking a long-term view on Brazil helps identify opportunities among the country's many challenges: it is the world's ninth largest economy by GDP and as Britain's largest trading partner in Latin America, it will continue to be a robust trading power with significant growth potential.

Strong partnerships are already in place, with 400 of the world's 500 largest companies operating in Brazil, including British conglomerates such as Shell, BP and JCB. All signs point to further cooperation with this long-standing political and economic partnership. British exports to Brazil totalled £2.14 billion in 2015 with strong potential for UK companies to increase market share in the energy, healthcare, aerospace and automotive sectors.

Annual pharmaceutical sales in Brazil grew by double-digits from 2005–15, making it Latin America's largest pharmaceutical market and the eighth globally. Valued at US\$29.4 billion in 2014, Brazil's pharmaceutical market is forecast to reach US\$45 billion by 2020, despite turbulence in the economy.

UK Exports to Brazil by Key Industry	Value 2015 (£thousand)	CAGR '05-'15
1. Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	538,861	10.48%
2. Pharmaceutical products	288,260	17.32%
3. Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	207,383	12.23%
4. Organic chemicals	131,173	6.14%
5. Miscellaneous articles of base metal	111,797	64.60%

Source: Trade Map

An uptake in the usage and availability of generic medicines has been driven by the country's ageing population, higher prevalence of long-term chronic diseases, growth of the middle class, expanded medical coverage and the rise of healthcare as a national priority, including policies such as the People's Pharmacy program. National investment in the healthcare sector, which increased 260% from 2003–12, has further catalysed growth in pharmaceuticals.

Ipsos Business Consulting — Local view  
 Lynn Morgan, Head of Europe and the Americas

*"Britain's trading relationship with Brazil goes back centuries. More recently the country, which is larger than Western Europe, has been the focus of investors seeking opportunity in the so-called BRIC (Brazil, Russia, India and China) emerging markets."*

*"While Brazil has struggled to live up to market expectations, it is one of the world's largest economies and there is good reason to believe that its economic power will continue to develop over the next 10–15 years."*

*"Mexico, the largest Latin American economy after Brazil, enjoys investment from well-known UK companies within the hospitality, pharmaceutical and financial services sectors. Together with Brazil, it offers an excellent platform from which to develop strong business across Latin America."*

### Lynn Morgan

Head - Europe and the Americas  
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In early 2015, a law enabling foreign direct investment in the healthcare sector was passed. This was the most significant development for the sector since the creation of the public health system in the 1990s and it promises to be very attractive for foreign investment as the Brazilian healthcare market grows.

The development offers opportunities for British pharmaceutical companies as well as those involved in designing, building and managing hospitals, along with those providing hospital and related healthcare services.

The auto sector presents another lucrative opportunity for British firms. Despite its recession Brazil has the 7th largest automotive market in the world based on new car registrations (2.1 million in 2015). It was the eighth largest car producer in 2015, with 2 million cars. British carmakers, such as Jaguar Land Rover, are investing more in the country. British components and parts makers can expand their trade in Brazil, which also exhibits export potential for models that are not produced domestically.



## MEXICO

Official language: Spanish  
 Population (million): 127  
 Surface area (sq. km): 1,964,380  
 GDP (PPP) (billion US dollar): 2,230.1  
 GDP per capita (US dollar): 9,99.8 (2010)  
 Inflation, average consumer prices (%): 2.7  
 Population below the national poverty line (%): 52.3 (2012)  
 Poverty headcount ratio at national poverty lines (% of population): 53.2 (2014)  
 Life expectancy at birth (years): All (76.7), M(74.4), F(79.2)

Mexico's stable economy has performed well relative to other major Latin American economies in recent years, growing by 2.5% in 2015 and forecast to grow by 2.4% in 2016 and 2.8% in 2017.

A stronger manufacturing industry, specifically the non-basic manufacturing sector driven by the automotive industry, has been a critical component of this success story. It is expected to continue to drive growth in coming years when anticipated low global oil prices will dampen economic performance.

Trade with Britain is expected to grow thanks to the already healthy relationship between the countries and Mexico's on-going growth trajectory. The "Dual Year" initiative in 2015 helped promote Mexico as a dynamic investment destination by cultivating cultural, academic, scientific, business and tourism exchanges between Mexican and British people and companies.

UK Exports to Mexico by Key Industry	Value 2015 (£thousand)	CAGR '05-'15
1. Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	319,059	8.23%
2. Pharmaceutical products	141,181	7.74%
3. Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	130,467	5.30%
4. Beverages, spirits and vinegar	123,422	17.60%
5. Works of art, collectors' pieces and antiques	62,072	39.66%

Source: Trade Map

Mexico is a leading exporter of Latin American manufactured products befitting greatly from its wide network of free trade agreements with 45 countries, as well as its integration with, and dependence on, the US market.

Automotive components, aerospace components, specialised castings and mouldings, and high-tech engineering offer the greatest opportunities for British suppliers of manufacturing technologies. OICA forecasts Mexico will become the world's fifth largest automaker by 2020, up from seventh in 2015. The corresponding substantial investment in automotive capacity by 2020 will be a boon for British auto components suppliers.

While relatively small, Mexico's aerospace manufacturing industry is emerging as a key growth area for high-value production. The sector expanded by 21% a year from 2010–14, a rate much higher than the country's overall economic growth. Large North American and European producers, such as General Electric, Honeywell, and Bombardier Aerospace, have established a strong presence among some 300 foreign aerospace manufacturers operating in the country. Given their expertise, British companies should be doing more to muscle into this market, especially in the fields of aerospace components, high precision machinery, design services and more.

Healthcare and pharmaceuticals are shining lights among industries offering great opportunities for investors. Total healthcare spending in Mexico was US\$80.48 billion in 2014 and is expected to exceed US\$100 billion by 2020, according to BMI, due to the country's expanding elderly population and greater healthcare needs.

Chronic diseases, such as cancer and diabetes, are expected to drive spending in these areas. An improved, more contemporary regulatory environment has also developed alongside innovative primary care models and government initiatives to combat long-term diseases.

Mexico is the 11th largest global pharmaceutical market and Latin America's second after Brazil. It was valued at US\$13.2 billion in 2015 and is expected to grow by an annual average of more than 7% in coming years as the ageing population, growing middle class, and better access to healthcare services drive demand. As one of the largest markets for generic medicines, Mexico will provide fertile ground for high-tech pharmaceuticals manufacturers, notably in antibiotics, anti-inflammatory drugs and cancer treatment, far into the future.





## CHINA

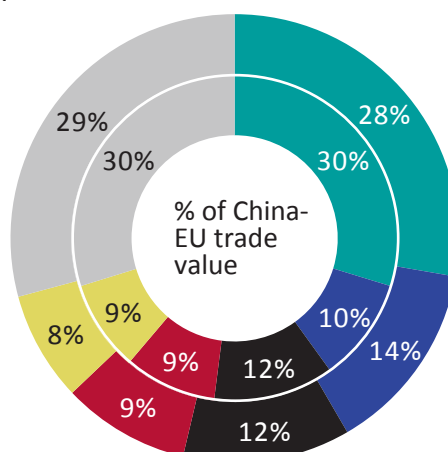
Official language: Mandarin  
 Population (million): 1,371.2  
 Surface area (sq. km): 9,562,911  
 GDP (PPP) (billion US dollar): 19,695.7  
 GDP per capita (US dollar): 8,141  
 Inflation, average consumer prices (%): 1.4  
 Population below the national poverty line (%): 4.6 (1998)  
 Poverty headcount ratio at national poverty lines (% of population): N/A  
 Life expectancy at birth (years): All (75.8), M(74.3), F(77.3)

China is in the midst of transforming itself from a manufacturing and export-based economy into a country producing high-value products with an economy fuelled by domestic consumption. The improving manufacturing capability of Chinese enterprises and the expanding middle class population are driving these changes. Economic growth has inevitably slowed (to 7% in 2015), however, as part of this deliberate shift away from traditional production.

The State Council unveiled its “Made in China 2025” plan in 2015, establishing clear goals to build China’s manufacturing industry and increase its competitiveness by producing advanced technologies and more environmentally friendly products. This policy presents a clear opportunity for British firms as China will require considerable support from international partners to help it rapidly move up the value-chain.

Other policy initiatives, such as “One Belt One Road”, launched in 2013 to link trade routes for 60 countries within Asia, Europe and the Middle East, will open the door for companies specialising in infrastructure development and related industries. Furthermore, these new, more efficient international trade routes will help establish new manufacturing centres in China and increase long-term commerce between the country and Britain.

	CAGR of Trade Value (2011-15)
Germany	-1%
United Kingdom	7%
Netherlands	1%
France	1%
Italy	1%
Other EU members	-2%
EU-28	1%



**Trade Value Between China and EU Members**  
 (Inner circle 2011; outer circle 2015)

Source: International Trade Center

*“China is undergoing a necessary shift towards becoming a service-driven economy with higher value-added domestic consumption in order to achieve long-term sustainable growth.”*

*“While there are challenges associated with economic slowdown resulting from this transformation, there will also be opportunities for British companies able to support China’s development of key industries, notably the automotive, high-tech manufacturing, clean energy, retail, e-commerce industries, financial services and healthcare sectors.”*

### Wijaya Ng

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China has retained close business relations with the UK despite a reduction in trade with the EU. Britain is China’s 2nd largest trading partner within the EU, after Germany, and its 4th largest globally. There is no reason to expect this positive trend to change.

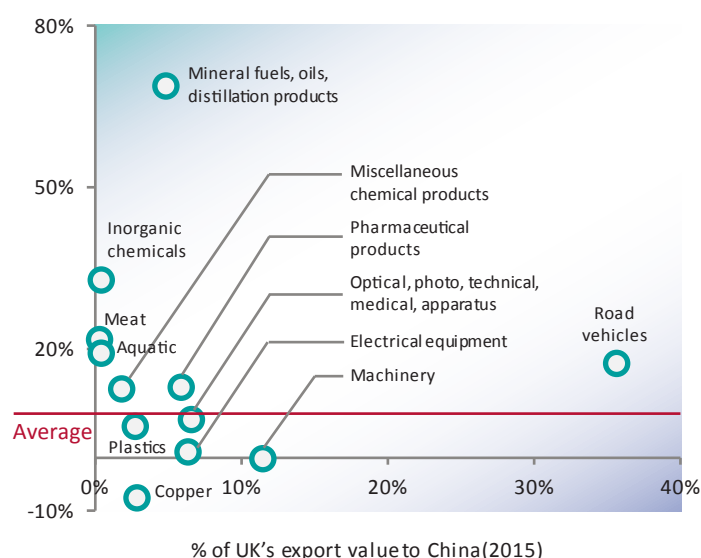
Foreign direct investment in China continues to rise despite its slowing economy, totalling US\$126.5 billion in 2015, up 6.4% from the previous year. Overseas investment in services is growing faster than in manufacturing, accounting for 61% of total foreign investment in 2015. China’s focus on global collaboration will likely favour businesses that build strong relations with Chinese counterparts early on.

Forward-looking investors must also pay careful attention to China’s new manufacturing landscape and the shifting needs of the world’s largest domestic consumer market as it increasingly adopts e-commerce and digital channels to bring higher-end product lines to market.

Britain’s auto sector is driving trade with China, contributing more than one-third of its total exports to the country and posting higher-than-average growth. There is strong demand for luxury cars from wealthy Chinese consumers, particularly British brands such as Jaguar Land Rover and Rolls-Royce.

Trade in manufacturing of traditional equipment (machinery and electrical equipment) is declining as China upgrades its domestic capabilities and reduces its reliance on imports. Businesses operating in this sector can benefit by shifting their focus to high-tech equipment (such as smart equipment and robotics), which will remain in high demand for some time as it will take local companies a number of years to produce quality comparable to global brands.

### Key Commodities UK Exports to China (Export value by commodity category)



UK’s exports to China are concentrated – the top 10 product categories contribute over 80% to UK’s total export value to China; meanwhile, there are a few emerging categories showing robust growth opportunities.

Road vehicles (Promising)	UK is the 4 <sup>th</sup> largest car exporter to China; luxury cars drive UK’s exports to China.
Machinery and electrical equipment (Challenging)	High in trade value, but slow in growth due to China’s upgrading of manufacturing capabilities
Pharmaceutical (Promising)	Huge demand for pharma in China; close UK/China healthcare collaboration (e.g., GBP 120 mn healthcare deals in 2013)
Petroleum (Promising)	China is trying to reduce reliance on coal; GBP 5 bn LNG purchase deal with BP signed in 2014
Meat (Rising star)	China is expected to exceed Germany to become the largest export market for UK pork producers.

Source: International Trade Center

Pharmaceuticals provide substantial growth potential for British companies. Rising affluence in China is driving demand for medical products among the middle class, many of whom are suspicious of the quality of domestically produced drugs and medicines. Further investment in hospitals and healthcare infrastructure will also benefit related product and service providers from the UK.

China is also increasing its commitments to renewable energy supply and was leading the world by installing wind turbines at a rate of two-per-hour in 2015. The country faces challenges both in terms of its inconsistent national electricity grid and its shifting away from the building and use of coal-fired power stations. British companies specialising in cleaner energy can help China overcome these issues. For example, during the President of China Xi Jinping's visit to UK in 2015, BP signed an agreement with China Huadian Group to sell up to 1 million tonnes of LNG (liquefied natural gas) per year worth up to US\$10 billion over the next 20 years. The company is also collaborating with PetroChina to develop supplies of shale gas.

Some niche product categories, while currently quite small in terms of volume, are likely to grow significantly in the near-to-mid-term. Rising British meat exports to China provide one example.

E-commerce will also become increasingly important as the country transitions into a consumption-based economy. In 2015, the government removed foreign equity share caps for e-commerce, creating greater opportunities for foreign investment. A number of foreign brands, such as Zara, Timberland and Unilever are partnering with Chinese e-commerce platforms. British products and services are in high demand in China. The development of e-commerce platforms and partnerships will further help establish UK brands in the country. Current forecasts expect British e-commerce sales to in China will reach US\$17 billion by 2020.

China is also liberalising foreign involvement in its financial services industry by removing restrictions on foreign investment in financial companies, trust companies, currency dealers and insurance agents. More positive developments are expected in this area. Britain, which is home to one of the world's strongest and most dynamic financial sectors, could play a leading role in developing the industry in China.

Britain and China are anticipated to sign a new post-Brexit free trade agreement. Continued strong relations between the two countries mean both established industries and other British businesses, such as healthcare, education and high-end consumer goods, will be able to build a strong presence with China's expanding and highly innovative younger generations.





Official languages: Hindi, English  
 Population (million): 1,311.1  
 Surface area (sq. km): 3,287,260  
 GDP (PPP) (billion US dollar): 7,998.3  
 GDP per capita (US dollar): 1,479.5 (2013)  
 Inflation, average consumer prices (%): 4.9  
 Population below the national poverty line (%): 21.9 (2011)  
 Poverty headcount ratio at national poverty lines  
 (% of population): 21.9 (2011)  
 Life expectancy at birth (years): All (68), M(66.6), F(69.5)

India is setting its sights on becoming an investment-led economy, marking a distinct shift from previous policies focused on domestic consumption. This move will benefit British businesses, many of whom enjoy business relations with Indian partners which go back generations.

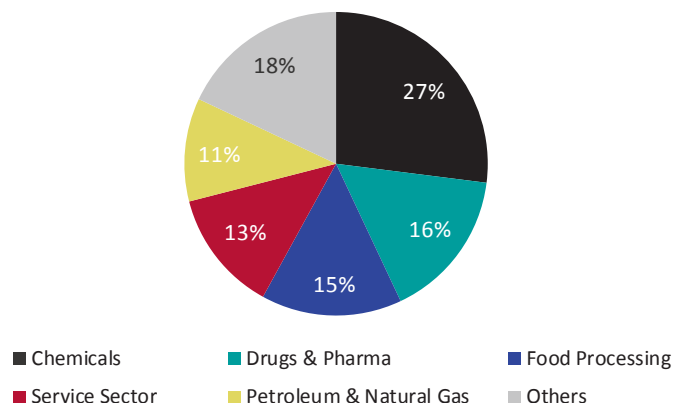
To achieve its goals India's government needs to install a non-bureaucratic, transparent pro-business climate across the country. This required change is long overdue. And many hurdles remain in its way — recent efforts to streamline business in India have only pushed the country up to 130th place in the World Bank's Ease of Doing Business rankings. Nevertheless, the rewards for cutting through red tape are potentially staggering — and UK businesses are ideally placed to make the most of them.

The country's economic stability, with strong growth forecasts supported by its growing middle class, make it an optimal time to invest. Furthermore, the rupee was the strongest emerging market currency in 2015 and this positive performance is expected to continue.

Key positive economic factors include a recent rise in women in the workforce, increasing disposable incomes across large parts of the country, growing numbers of start-up companies and an expectation that manufacturing and service sectors will account for up to 90% of the economy within the next 10 years.

Pro-business policies, such as "Make in India", "Skill India", "Digital India" and smart cities initiatives, supported by economic liberalisation and business-friendly reforms, have seen investments rapidly increase across all sectors since the start of 2016. These efforts help explain why 32% of global investors ranked India as the most attractive market this year, while 60% placed the country among their top three investment destinations, according to the IMF.

British FDI in India



Source: UK India British Council

There is every reason to expect Britain's close relations with India to continue and flourish after Brexit. There are mutual advantages for both countries. British investment in India directly contributed some 138,000 jobs from 2000–15. India's disputes with the EU were based around several EU regulations that Britain has long opposed.

Britain's recent strengthening of bilateral economic ties with India has made it the largest G20 investor in the country, and India's 12th largest trading partner, up from 18th in 2014–15. Correspondingly, India's investments in the UK surged nearly 65% in 2015, making it the 3rd largest source of overseas investment in Britain after the US and France.

The defence industry is a key area where British companies can form strategic partnerships with Indian counterparts. India's expected US\$40-billion investment in military purchases over the next four to five years will take place under more relaxed foreign investment regulations.

Healthcare presents significant growth potential for British business. India's pharmaceutical industry is predicted to grow by an annual average of 20% over the next five years. New regulations enable multinational pharmaceutical companies to purchase up to 74% equity in an Indian pharmaceutical business without prior clearance from the government. The medical devices sector has fewer restrictions. Foreign investors are allowed 100% ownership as an incentive to promote local manufacturing.

Foreign companies can also own engineering services outright, due to the need to integrate this sector with India's other growing industries. Infrastructure development is a must-watch sector with the government planning to complete a broad range of projects totalling US\$1 trillion by 2030. Many of these initiatives have already been announced. Many are expected to be awarded through public-private partnerships to satisfy demand for new power plants and renewable energy, a nationwide high-speed rail network and up to 200 new low-cost airports.

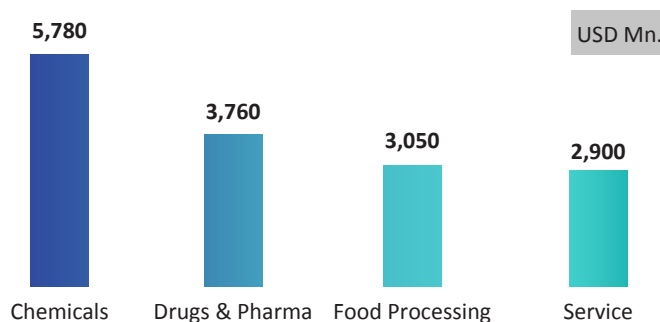
India's nationwide urban development plans include the building of 50 million new homes and 100 smart cities. These projects will spur demand for more robust infrastructure and related businesses to support the growing population.

Local automotive manufacturing, including electric and hybrid vehicles, is receiving policy support in order to modernise transportation and develop a high-quality manufacturing base. Large-scale engineering projects will also be needed in the mining, steel, oil and gas, and consumer products sectors as India closes the gap between itself and more developed countries.

The government is also investing heavily in telecommunications with upgrades of nationwide phone and internet capacity taking place alongside large-scale investment in micro-processing, semiconductors and computer chip manufacturing.

Electronics system design and manufacturing, one of the country's fastest growing sectors, is almost a US\$100-billion industry thanks to generous incentives including a capital subsidy of up to 25% on capital expenditure, land at rebated cost, reimbursement of central and state duties, income tax exemptions when building in special economic zones, assistance in skill development and more.

### UK Investments in India



Source: UK India British Council

British businesses are currently focused on the chemical sector, which currently attracts 27% of total British investment in India. The UK has been investing in the industry for decades and it is the largest source of foreign investment in the sector, accounting for 56%. Nationwide development will drive demand for chemicals, in turn painting a bright future for British companies operating in this field.

Ipsos Business Consulting — Expert view  
Bhasker Canagaradjou, Head of India

*"India will lead the growth chart among the major economies. Its reform process is expected to contribute to steady and strong economic growth in the near future. Initiatives such as the development of industrial corridors, smart cities, Make in India, Digital India and more, are drawing global investors' attention. Consumer sentiment remains positive as well."*

#### Bhasker Canagaradjou

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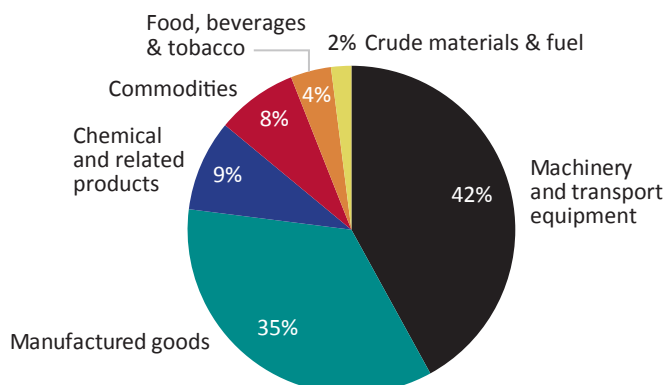


## SOUTHEAST ASIA

### THAILAND

Official language: Thai  
 Population (million): 68  
 Surface area (sq. km): 513,120  
 GDP (PPP) (billion US dollar): 1,110.4  
 GDP per capita (US dollar): 5,889 (2014)  
 Inflation, average consumer prices (%): -0.9  
 Population below the national poverty line (%): 2.6 (2012)  
 Poverty headcount ratio at national poverty lines (% of population): 21.9 (2011)  
 Life expectancy at birth (years): All (68), M(66.6), F(69.5)

#### Thailand's Trade with the UK



Source: British Chambers of Commerce

Thailand has yet to establish strong trade relations with the UK. Southeast Asia's second largest economy accounted for just 1.5% of Britain's trade, or US\$6.4 billion, in 2015. Nevertheless, several trends point towards a bright future for the two countries with distinct opportunities for British businesses operating in the machinery, transportation and manufactured goods sectors. The development of fully-modernised industrial estates across Thailand is luring companies involved in complex production processes to this business-friendly regional hub.

Britain's departure from the EU will enable it to negotiate trade deals with Thailand that are more friendly and advantageous for both parties than agreements previously carved out by the European trading bloc. Thailand and the UK have agreed in principle to work on a bilateral free-trade agreement. The Thai-UK Business Leadership Council was established to enhance cooperation between private enterprises and devise solutions for how governments could improve the business environment and facilitate growth in trade and investment for both sides.

#### Thailand Key Import Sectors from the UK, 2011 and 2015

Top 5	Key Import Sectors	2011 (million THB)	2015 (million THB)	CAGR '11-'15
Total		68,003	88,697	7%
1.	Machinery and mechanical appliance	20,073	27,965	9%
2.	Electrical machinery and equipment	5,200	10,126	18%
3.	Iron and steel	3,881	7,280	17%
4.	Beverages, spirits and vinegar	5,838	5,338	-2%
5.	Vehicles	4,541	3,562	-6%

Source: Trade Map

*“While Thailand has yet to become a close trading partner with the UK, stronger connections are being built between the two countries, especially within the retail and construction materials and machinery sectors.”*

*“More government infrastructure projects, particularly for mass-transit systems, means higher demand for construction and transportation related products. At the same time, British products enjoy a good reputation among Thai people, which is encouraging news considering the rising spending power of the kingdom’s growing middle class.”*

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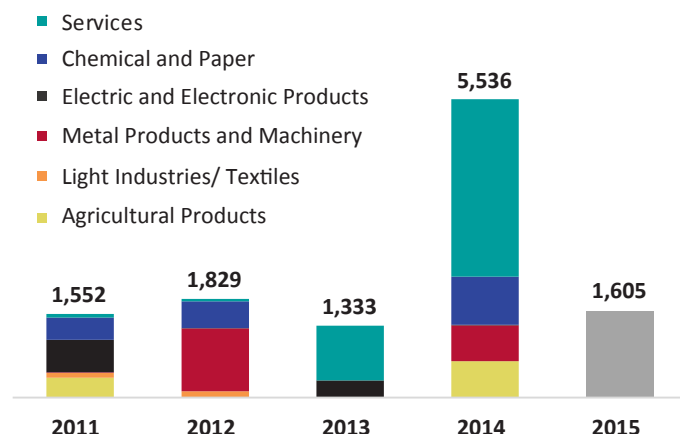
British exports to Thailand, having previously enjoyed average annual growth of about 7% from 2011–15, declined in 2015 as a result of low domestic demand and rising household debt in Thailand. Rising demand for construction machinery, equipment and related materials, including iron and steel, to serve the Thai government’s strategic infrastructure projects were key drivers of the previous period of growth.

British businesses should therefore focus on leveraging opportunities from the more than US\$85 billion in government infrastructure investment earmarked for 2015–22. Projects include three new double-track train lines, upgrading the national rail network, expanding Bangkok’s mass-transit system, airport and port expansion projects, road and bridge improvements as well as water management and flood prevention schemes. These projects are in areas where British companies are globally recognised as experts — not only in terms of actual construction, but also for project management, engineering consultancy, design, operations and specialist technology.

The global economic slowdown reduced the demand for both production and consumption in Thailand. However, the kingdom has been very successful in attracting foreign investment since 2014, the latest rapid increase was driven in a large part by the chemical and paper sectors, as well as retail, banking and insurance services. The country’s attractive investment climate, its need to develop infrastructure and its position as gateway to the newly-integrated Asean Economic Community help strengthen its growing international appeal.

#### UK Investment Projects in Thailand by Sector, 2011-2015

Unit: Million THB

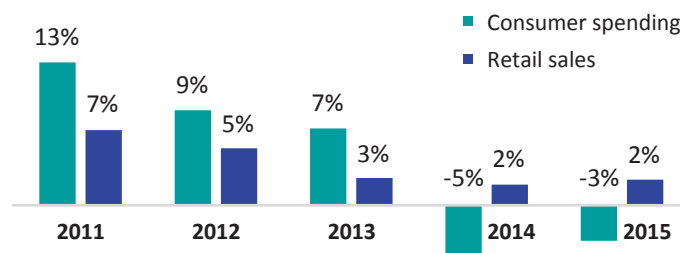


Source: Thailand Board of Investment

Thailand has Southeast Asia’s second-largest consumer market. Consumption expenditure accounts for more than half of the economy. Before 2014, growth in overall consumer spending exceeded that in retail sales. In 2014, consumer spending declined drastically as a result of the economic downturn. The retail sector continued to grow, but at a much slower rate as a result of the crisis. It is expected to grow by 3–4% in 2016, with momentum gathering pace as the economy recovers. Thai consumers have a strong preference for Western brands, which are regarded as high quality. Thailand’s growing middle class presents British brands with a great opportunity to increase their market presence in Asia.

#### Consumer Spending and Retail Sales in Thailand, 2011-2015

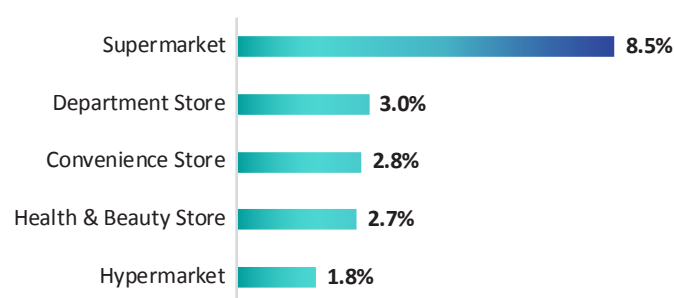
Unit: % YoY



Source: World Bank, Thai Retailers Association

Local and multinational retailers have profited from this impressive market performance, which owes its momentum to an increase in the overall purchasing power of consumers nationwide. The market for consumer is only expected to grow as modern trade retail outlets selling local and international brands deepen their networks in rural provinces.

## Thailand Retail Market Growth by Distribution Channel, 2015



Source: Thai Retailers Association

Key retailers — such as CP All which owns the local 7-Eleven franchise, Ek-Chai Distribution and its network of Tesco Lotus stores and hypermarkets, and Central Group with its department stores and Big C supermarkets and Home Pro home-improvement outlets — continued to expand in 2015 with a focus on urbanising upcountry provinces.

Digital connectivity offers new opportunities in this highly-connected society with more than 58% of Thais reporting that they shopped online using their smartphones in 2014. Along with increased credit and debit card circulation, online commerce will play an increasingly significant role in the retail market.



## VIETNAM

Official language: Vietnamese  
 Population (million): 91.7  
 Surface area (sq. km): 330,972  
 GDP (PPP) (billion US dollar): 553.4  
 GDP per capita (US dollar): 2,088.3  
 Inflation, average consumer prices (%): 0.6  
 Population below the national poverty line (%): 17.2 (2012)  
 Poverty headcount ratio at national poverty lines (% of population): 13.5 (2014)  
 Life expectancy at birth (years): All (75.6), M(71), F(80.5)

UK Exports to Vietnam by Key Industry	Value 2015 (USD thousand)	CAGR '11-'15
1. Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	136,491	8%
2. Pharmaceutical products	59,273	14%
3. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	45,123	1%
4. Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	43,515	66%
5. Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	38,429	5%

Source: Trade Map

Vietnam presents a promising industrial alternative to China, with its young population (50% of Vietnamese are under 30) and wages half of those in nearby Thailand and two-thirds lower than China. Low land prices add to Vietnam's appeal as a low-end manufacturing destination, while Samsung's US\$3-billion investment in a facility in 2013 demonstrates the potential for developing value-added electronics and refined goods production.

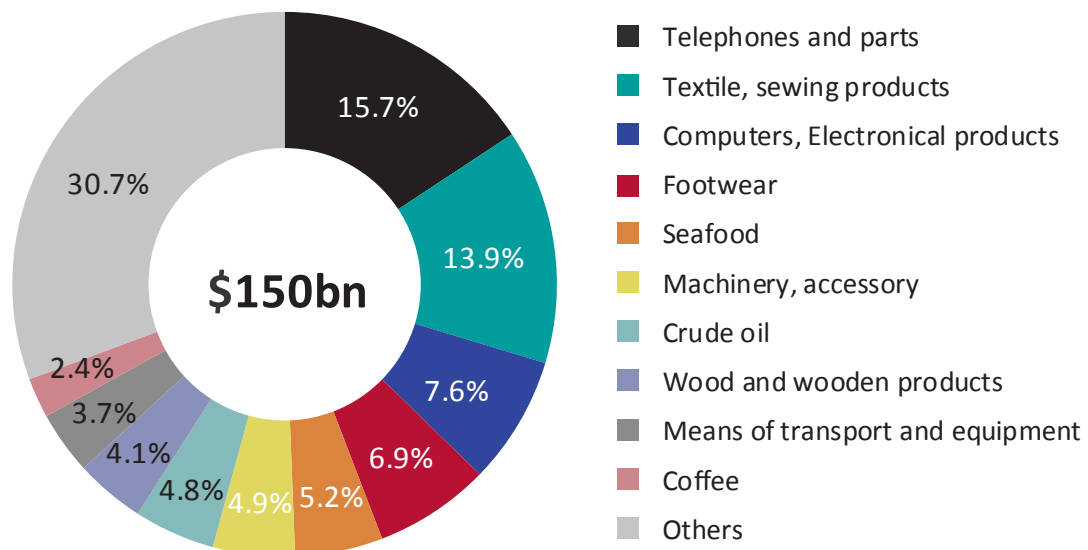
The economy, one of the fastest-growing in Asia, is on track to triple in size from US\$116 billion in 2010 to more than US\$350 billion in 2020. Until recently, Vietnam was primarily associated with crude oil, textiles, sewing products and footwear. Growth in these industries is now slowing relative to that of higher value-added products — such as mobile phones, computers, laptops and electronic parts — as Vietnam becomes more integrated with more advanced aspects of the global economy.

Improvements in Vietnam's production capabilities are expected to drive growth in electronics, manufacturing, telecommunications, building materials and furniture. The government also introduced new incentives for foreign investment in specific industries, mostly high-end technology manufacturing. Major incentives were granted to Samsung, LG and Formosa for expanding the manufacturing of mobile phones, OLED displays and steel, respectively.

Vietnam's universal health coverage provides basic care through public hospitals, but leaves much to be desired for more affluent people who are prepared to pay extra for higher-quality treatment and services.

Health coverage is also patchy. Problems from a lack of facilities in rural parts of the country are compounded by the rise in demand enabled by the universal health system. Furthermore, the country suffers from abnormally high rates of cancer.

## Vietnam's Exports - 2014



Source: BMI; GSO

Ipsos Business Consulting — Local view  
Phong Quach, Head of Vietnam

*“Vietnam, with a population of more than 93 million, has notched up the world’s second-fastest growth rate per person since 1990 — behind China. The country is much more than just a low-cost manufacturing alternative to China, it presents diverse business opportunities in the healthcare, agriculture and automotive industries.”*

### Phong Quach

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British businesses specialising in healthcare can provide much needed support to Vietnam’s expanding public and private hospitals. The private health sector is currently much better equipped to meet the health challenges Vietnam faces.

A public-private hospital model was introduced in 2015, wherein the land is leased from the government, which regulates the healthcare services, to a private business which owns the facilities and runs operations. Foreign companies have a strong presence in the medical devices market where 95% of products are imported.

Incentives for major foreign investors, such as Samsung, are handled on a case-by-case basis. For example, Samsung’s incentives included a 10% corporate income tax rate (compared with the general corporate tax rate of 22% introduced in 2016), tax exemption over the first four years, and a subsequent 50% tax break over the following nine years.

The automotive industry also has significant room to grow. Car ownership is very low — just 2% of the population — with motorcycles and scooters dominating streets across the country. There are no forecasts of rapid change in this area, however, the potential for sustainable long-term development presents clear opportunities.

Poor air quality in cities, especially during the rainy and cold seasons, and heat during the dry season, make travelling by car far preferable to riding a motorbike. Cars are also a key status symbol for Vietnamese families, as well as making travel and shopping more convenient.

Vietnam produced 154,000 cars in 2015, with modest growth forecast over the coming years. Given the market will likely remain reliant on imported vehicles for some time to come, there is a good opportunity for car makers with models that are well suited for Vietnam’s roads and consumer tastes who are willing to develop their brand in the local market through imaginative and culturally attuned campaigns.

Agribusiness is one Vietnam’s strongest sectors. The country is the world’s largest producer and exporter of Robusta coffee, the second-largest rice exporter and third-largest shrimp producer. The market for fertilisers, crop protection products and other related industries is vast. Vietnam imports more than 70,000 tonnes of pesticides each year.

Vietnam’s diversifying economy and enhanced, higher-quality production provide a number of opportunities for a broad range of British businesses seeking to expand their footprint in Southeast Asia.



## MALAYSIA

Official language: Bahasa Malaysia (Malay)  
 Population (million): 30.3  
 Surface area (sq. km): 330,800  
 GDP (PPP) (billion US dollar): 817.4  
 GDP per capita (US dollar): 9,500.5  
 Inflation, average consumer prices (%): 2.1  
 Population below the national poverty line (%): 1.7 (2012)  
 Poverty headcount ratio at national poverty lines  
 (% of population): 0.6 (2014)  
 Life expectancy at birth (years): All (74.7), M(72.4), F(77.1)

Britain's relations with Malaysia go well beyond its historical and cultural links and the UK enjoys stronger people-to-people ties with Malaysia than any of Southeast Asian nation's other trading partners. Britain is the country's second-largest trading partner from the EU, after Germany, and was 17th largest overall in 2015, with Malaysia receiving less than one-per-cent of Britain's total exports.

Relations are stronger in terms of investment, with Britain being the fourth largest investor in Malaysia in 2015, injecting £800 million into the country. Its contribution of £350 million in the first quarter of 2016 marked an increase of 54% over the same period a year earlier.

### Trade in Goods between the UK and Malaysia, 2015

UK's Export to Malaysia by Key Products	Value (£million)	CAGR 2010 -15
Electrical& Electronic Equipment	266	1.54%
Machineries,nuclear reactors, boilers,etc.	251	-3.45%
Optical, photo, technical, medical, apparatus, etc.	93	6.64%
Vehicles	88	9.28%
Beverages, spirits and vinegar	84	6.22%

Source: World Bank, BCC

Doing business in Malaysia is made easier by the country's English-speaking, educated workforce, excellent infrastructure and transport networks, and established business and legal systems. These firm foundations and business opportunities are being strengthened further by policy initiatives such as the Economic Transformation Plan. Launched in 2010, one of the plan's core goals is diversifying the country's economic base by increasing the contribution of the services sector. This makes the market increasingly attractive for service-focused UK companies operating in finance, especially Islamic finance, education and training, ICT and creative industries.

Malaysia is also on track to complete the first phase of its official financial district in Kuala Lumpur by 2020. This is expected to attract more than 250 foreign financial institutions and create 40,000 jobs.

The capital also enjoys a reputation as an Asian hub for Islamic finance. Malaysia's Islamic banking sector holds US\$69 billion in assets and is growing by 18–20% per year. Britain can draw on more than 30-years' experience providing Islamic financial services in the West to expand its business in the Malaysian market.

New infrastructure projects to expand and enhance public transport across the country, including high-speed trains and mass rapid transport systems, are another area of interest for many foreign firms. Given the lack of local expertise in these areas, the government is welcoming participation from foreign firms who can provide specialist skills and technology transfer.

Other areas of the Economic Transformation Plan provide British companies working in the chemicals, electrical and electronics, high-technology machinery and equipment sectors, with a platform to expand their presence in the country.

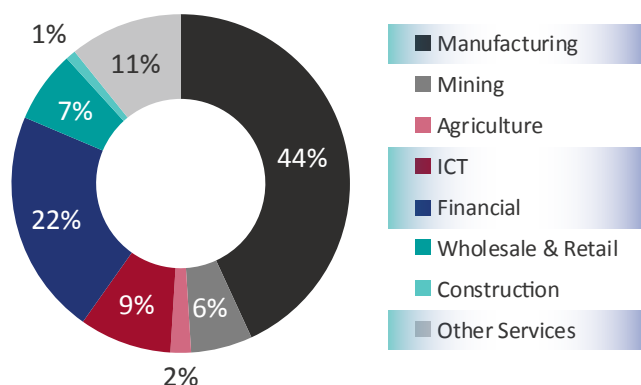
Ipsos Business Consulting — Expert view  
 Kiranjit Singh, Head of Malaysia

*Malaysia is projected to sustain economic growth due to its skilled workforce, excellent infrastructure and business-friendly trade regulations. Britain can be a key player and leverage this growth through its investments in Malaysia's services sector especially in finance, creative, ICT and education."*

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## Malaysia FDI Stock by Sector, Dec 2015



Source: MIDF, MIDA, DOSM, UNCTAD

Malaysia is also expanding its business shared-services and digital economy sectors. Malaysia Digital Economy Corporation (MDeC) has been tasked with developing Big Data analytics, Internet of Things, creative technologies, e-commerce, cloud content and services, and cyber security. MDeC is already partnering with UK Trade & Investment to develop the country's digital economy and smart cities.

With Malaysia on course to achieve its mission of becoming a developed nation by 2020, the government will continue to provide attractive incentives to create and sustain overseas investment in the country — this will serve to strengthen British investment and activity.

As the economy grows and the country moves up the value chain, Malaysia will need to forge deep, long-term relations with foreign companies to secure funding and technical support from overseas. Britain can play a leading role on this front. The country offers particularly strong opportunities for knowledge-intensive industries and services sectors, such as digital technology, biotech, advanced manufacturing, healthcare and education.



## INDONESIA

Official language: Indonesian

Population (million): 257.6

Surface area (sq. km): 1,910,930

GDP (PPP) (billion US dollar): 2,848

GDP per capita (US dollar): 3,362.4

Inflation, average consumer prices (%): 6.4

Population below the national poverty line (%): 11.3 (2014)

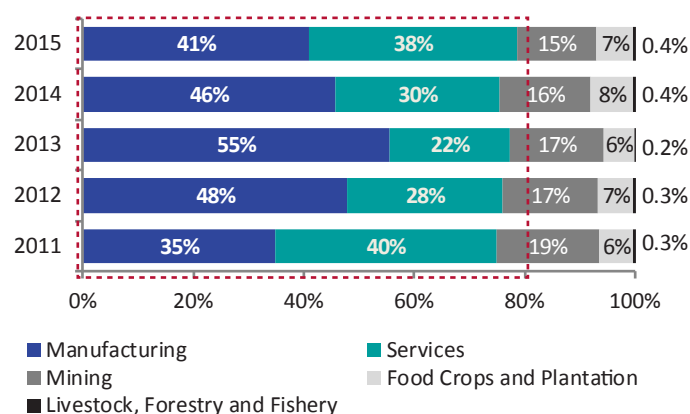
Poverty headcount ratio at national poverty lines

(% of population): 11.3 (2014)

Life expectancy at birth (years): All (68.9), M(66.9), F(71)

At first glance Indonesia appears to be a less than ideal choice for trade and investment. Ranked 91 out of 190 countries in the latest World Bank Ease of Doing Business report, the country's weak infrastructure, combined with restrictions on foreign ownership in selected industries and raw material exports, explains the slow rate of development until now. However, all indications suggest the country is turning not just a new page but also an entirely new chapter in its development story, and is on the cusp of a significant revival of its own fortunes as well as those of its foreign investors.

### 2013-2015 FDI by sector



Source: BPS, World Bank

President Jokowi unveiled his ambitious de-regulation and economic stimulus package in 2016, which aims to dramatically resolve the aforementioned these and push Southeast Asia's largest economy up to 40th place in the Ease of Doing Business rankings. British investment in the country increased by 51% in the first five months of the year, compared with the same period a year earlier. The two countries signed special agreements in April 2016 to strengthen cooperation in education, sports, the creative economy, fisheries and maritime affairs.

Around the same time, Indonesian and British businesses arranged numerous business-to-business deals totalling US\$19 billion. Furthermore, the Indonesian Chamber of Commerce intends to sign 11 additional business agreements with UK companies to reinforce collaboration in energy, telecommunications, consumer products, agribusiness and industry. The strengthening of trade links between the two countries will remain a stable trend moving forward.

Ipsos Business Consulting — Expert view  
Douglas Cassidy, Head of Indonesia

*"Indonesia represents an incredible opportunity for British companies. Now Britain is freer to determine its own priorities on bilateral trade, the government should work closely with businesses to ensure the current relatively low level of trade between the two countries is transformed over the next few years."*

#### Douglas Cassidy

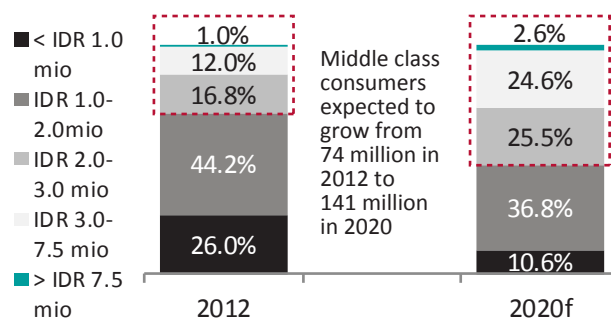
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Joint ventures will still be required for foreign investors in most industries, but Britain's newfound interest in the Indonesian archipelago has its roots in an encouraging confluence of demographic and economic trends.

A growing middle class in Southeast Asia's largest economy and most populous country can yield significant trade potential for businesses that understand local conditions. With 60% of the population under 30 years of age, and 65% having a positive impression of UK influence (second in Asia after Korea), Indonesia brings great promise for both production and consumer goods, even before one considers its extensive natural resources.

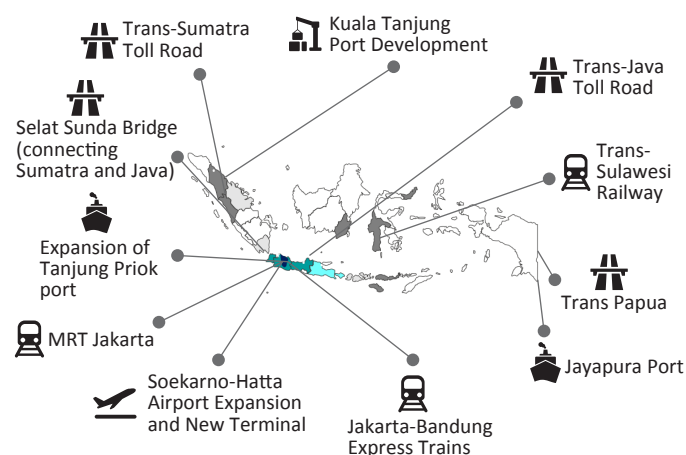
#### Monthly Household Expenditure



Source: BPS, World Bank Data, Bank Indonesia, Asian Development Outlook 2015, Jakarta Globe

Moreover, Indonesia's recently announced £276-billion infrastructure plan (of which £86.4 billion is earmarked for public-private partnerships) provides a perfect complement to British expertise in engineering and energy. Diverse partnership opportunities can be forged in the fields of feasibility studies, design, project management, operations and maintenance. With the UK's offer of US\$1.55 billion in credit financing to help the country meet its infrastructure modernisation goals, British industry could at last expand its investment role farther beyond its traditional remit of oil and gas, and into sectors where Chinese investors have hitherto played a prominent role.

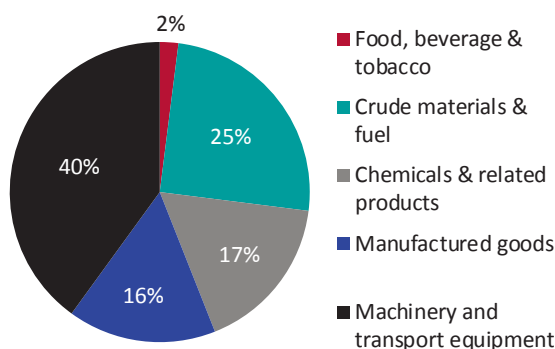
#### Indonesia Infrastructure Development



The infrastructure programme itself, once completed, will mean a radical improvement in Indonesia's economic capabilities across the board. Investors would benefit from judicious entry into these markets before future competitors carve out their space.

The expansion of Indonesia's middle class is accompanied by growth in its retail industry, where British food, drinks, fashion, and personal care products have already earned mass appeal.

## Indonesia's Trade with the UK



Source: Indonesia Ministry of Trade, British Chamber of Commerce, WTO

Improved conditions are also bringing the healthcare industry closer to maturity, with spending projected to double to more than US\$60 billion by 2018. With universal health coverage set to launch in 2019, Indonesia will need to meet a wide range of demands in several sectors where British companies have a demonstrated track record of success. Pharmaceutical products and medical devices will be among these needs, as well as hospital development to meet increased demand, networked systems, practical training for doctors and nurses and more.

More prosperous Indonesians will need places to invest their money, and growing businesses will need access to debt financing. Financial and professional services will play a crucial role in Indonesia's growth across all sectors, as foreign banks are able to establish a presence in association with local firms, open a representative office, or draw up an MOU with relevant institutions. Islamic finance is a highly profitable sector for the banking industry, and Indonesia has the world's largest Muslim population (nearly 13% of the global total). As incomes rise nationwide, this sector could see the type of impressive expansion that has been achieved in other countries.

Indonesia now offers greater potential for British businesses, however, any company entering the market should conduct in-depth due diligence which taps local on-the-ground knowledge. While the difficulties of initial entry into Indonesia should not be underestimated, the potential rewards from doing so properly are substantial.



## SINGAPORE

Official languages: English, Mandarin, Malay and Tamil

Population (million): 5.5

Surface area (sq. km): 717

GDP (PPP) (billion US dollar): 472.6

GDP per capita (US dollar): 56,009.5 (2014)

Inflation, average consumer prices (%): -0.5

Population below the national poverty line (%): N/A

Poverty headcount ratio at national poverty lines

(% of population): N/A

Life expectancy at birth (years): All (82.6), M(80.5), F(84.9)

### Strengths of the Singapore Market



50% of the world's population within 6 hours flight



Highly skilled and educated local population



4th largest global financial centre



Low corruption and strong rule of law



Asia's strongest Intellectual Property (IP) protection



Excellent infrastructure and transport connectivity

Singapore has an overwhelmingly white-collar workforce of whom 43% hold a diploma and professional qualification or higher. About 84% of people work in services with just 15% engaged in industrial jobs.

Britain accounts for a significant proportion of foreign direct investment in Singapore, contributing about 6% of the total. Roughly one-fifth of the inflow from Europe, and just under half the 14.9% of the US, the leading contributor. A common language, strong historical ties and similar legal, technical and professional standards are key points of attraction for British businesses, who are also drawn by Singapore's location and investment climate.

Overseas investment in Singapore is rising across the board, especially for financial and insurance services which attract more than half of all foreign direct investment. (Investment in this sector also grew faster than in any other industry, posting average annual growth of 17.5% from 2010–14). This reflects the country's status as a regional financial hub.

The government is also making efforts to strengthen chemical and pharmaceutical industries by constructing related infrastructure in Tuas and Jurong Island — a development of potential interest to UK companies.

Singapore's advantage in these industries lies in its strong intellectual property laws and world-class infrastructure. Many of the world's leading biopharmaceutical companies have made Singapore their global manufacturing base for biologics and high-value medical technology products.

These include Abbott, GlaxoSmithKline, Lonza, MSD, Novartis, Pfizer and Sanofi-Aventis. The country is also positioned as a global chemicals hub, especially with the development of Jurong Island, which is a base for companies such as BASF, ExxonMobil, Lanxess, Mitsui Chemicals, Shell and Sumitomo Chemicals. To date, investment in Jurong Island has exceeded S\$35 billion (about US\$25 billion).

Ipsos Business Consulting — Local view  
Linda Loh, Head of Singapore

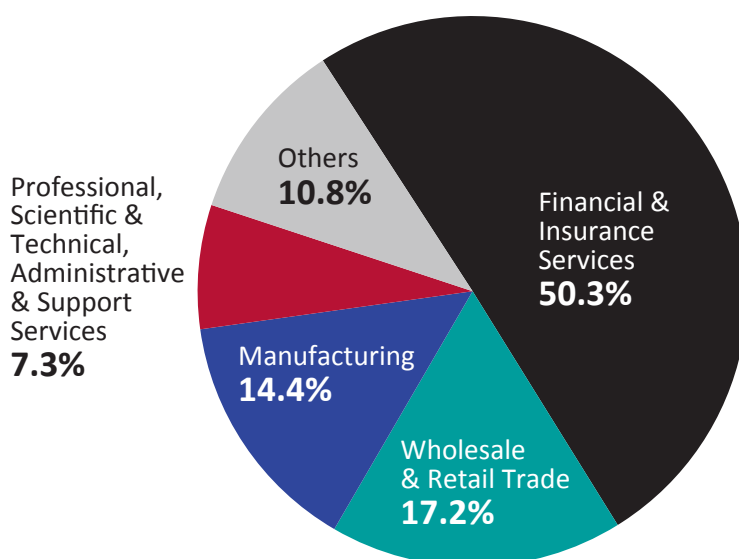
*"Singapore is a regional financial hub and strategic gateway into Asean. With its highly educated workforce and a stable pro-business environment, it has proven itself as a major destination for foreign direct investment. Overall FDI stock in Singapore has grown from US\$633 billion in 2010 to US\$963 billion in 2014, of which financial services have been a key driver."*

*"We believe financial services will continue to interest British companies, which currently have a substantial presence in the sector. Other opportunities include biomedical sciences and chemicals, where there has been much support from the government in developing high-end manufacturing, as well as in investing in research and development."*

**Linda Loh**  
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**Singapore's FDIs by Sector, 2014**



Source: Singapore Department of Statistics



## MIDDLE EAST

### UNITED ARAB EMIRATES

Official language: Arabic  
 Population (million): 9.2  
 Surface area (sq. km): 83,600  
 GDP (PPP) (billion US dollar): 612.8 (2014)  
 GDP per capita (US dollar): 38,649.9  
 Inflation, average consumer prices (%): 2.3 (2014)  
 Population below the national poverty line (%): N/A  
 Poverty headcount ratio at national poverty lines (% of population): N/A  
 Life expectancy at birth (years): All (77.4), M(76.3), F(78.5)

The United Arab Emirates has diversified its economy into the non-oil sector, reducing the contribution oil and gas makes to the economy to 25%. Economic growth slowed to 3.4% in 2015 when plummeting global oil prices caused a drop in hydrocarbon exports and revenues. The non-oil sector will become increasingly important in helping the UAE achieve sustainable economic growth. Dubai's hosting of the World Expo 2020 and the lifting of sanctions on nearby Iran will further increase trade and investment.

The UAE is Britain's largest export market in the Middle East. Strong commercial ties between the countries saw UK exports to the UAE grow by an annual average of 10% from 2010–15. Bilateral trade reached £12 billion in 2014. This is targeted to rise to £25 billion by 2020.

Healthcare and education are the most promising areas for UK trade and investment over the next few years due to their being the focus of the UAE's strategic plan for the next few years.

UK's Export to UAE by Key Industry	Value (£million)	CAGR 2005-15
1. Power Generation and Machinery	2,142	13%
2. Pharmaceutical	1,070	9%
3. Road vehicles	721	17%
4. Electronic Devices	676	-15%
5. Medical Devices	259	10%

Source: UN Comtrade

Ipsos Business Consulting — Local view  
 Raghavendra Naik, Head of United Arab Emirates

*"The United Arab Emirates is a key hub for thousands of British businesses trading with the country and wanting to re-export products and services to Middle East markets, notably Saudi Arabia and Iran. The region holds considerable potential for British industry with current exports being centred around the power generation, automotive, ICT and scientific instrument sectors."*

*"The recent welcoming of Iran back into the international community also calls for a thorough re-examination of new opportunities within the Gulf region."*

#### Raghavendra Naik

Head — United Arab Emirates  
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 +91 (22) 6620 8000



The UAE is actively expanding its national healthcare system to meet the growing needs of its people. Key opportunities exist in the prevention and treatment of diabetes and cardiovascular disease, both of which are on the rise due to the growing popularity of fast food and smoking, and an increasingly sedentary lifestyle. WHO states 19% of adults in the UAE have diabetes.

Health problems are amplified by a shortage of hospitals and healthcare facilities. The country has just 1.1 hospital beds for each 100,000 people compared with 2.9 in Britain, according to the 2012 World Development Indicator. Building more hospitals with specialist treatment centres will be a core part of the country's healthcare policy. British companies can help fill these gaps. The UAE is also concerned about its long-term economic health. Improving education will be a top priority for government in its mission to diversify the economy and create better job opportunities for nationals.

British curriculum schools are much in demand and the number of children seeking places in these schools far outstrips supply, especially at the secondary level. Teachers are now required to undergo structured training to facilitate promotions. This development presents additional opportunities for education businesses in the area of teacher training.



Official language: Persian  
 Population (million): 79.1  
 Surface area (sq. km): 1,745,150  
 GDP (PPP) (billion US dollar): 1,378.6  
 GDP per capita (US dollar): 4,998.6 (2012)  
 Inflation, average consumer prices (%): 11.9  
 Population below the national poverty line (%): N/A  
 Poverty headcount ratio at national poverty lines (% of population): N/A  
 Life expectancy at birth (years): All (75.4), M(74.3), F(76.5)

UK Exports to Iran by Key Industry	Value 2015 (£million)	CAGR '05-'15
1. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1,144	-23.54%
2. Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	415,778	-10.69%
3. Pharmaceuticals	239,950	-1.12%
4. Live Animals	47,893	0.15%
5. Miscellaneous edible preparations	47,108	9.91%

Source: UN Comtrade

Most international sanctions against Iran were lifted on 16 January 2016 enabling the country to rejoin the world economy and trading community. The lifting of the trade embargo will help the country restore its economy, which was near to collapse, revitalize the oil industry and provide international corporations access to 78 million potential consumers.

Iran's fundamentals are unique in the Middle East. Though the country has the world's largest gas reserves and the fourth largest oil reserves, its economy is considerably diversified, including sectors such as manufacturing, and it has a sizeable, young, skilled and well-educated population.

Despite these positive factors, any company wanting to invest in Iran would be wise to first gain an understanding of the country's culture, language and history to ensure their operations can proceed as smoothly as possible.

Gaining a clear view of the changing legal regulatory environment, as well as possible incentives and restrictions issued for private sector investments, is essential.

Ipsos Business Consulting — Local view  
 Karthik Ramamurthy, Regional Director of Consulting

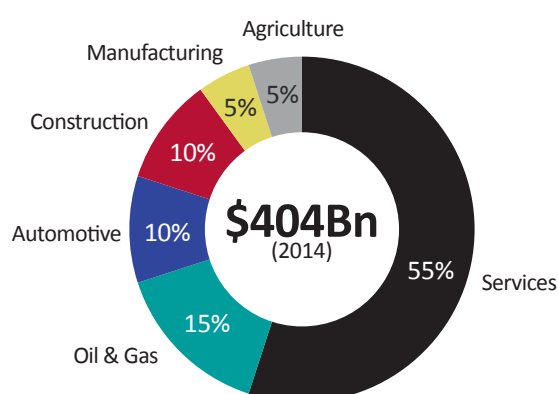
*"Iran offers possibly the best hedge for firms operating in the region, given its significant population and the commercial void resulting from years of sanctions. The opening up of the economy unlocks a sizeable opportunity, both in the consumer space and infrastructure development."*

*"In a region going through rough economic times, Iran's estimated annual economic growth of 5% presents a not-to-be-missed opportunity. However, a clear entry plan is essential for navigating the market's complexities."*

**Karthik Ramamurthy**  
 Head – Saudi Arabia  
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## GDP 2014 - Sector Wise Split



Source: Economist Intelligence Unit, Ipsos Business Consulting Analysis

Infrastructure development is a key driver of the country's modernisation efforts. More than one trillion dollars is expected to be spent in this area over the coming decade.

The Islamic Republic of Iran Railways (RAI) has already signed a memorandum of understanding with Siemens to develop rail infrastructure, including electrifying the Tehran-Mashhad railroad and constructing the high-speed Tehran-Isfahan railway. A similar deal is also in place with the state-owned Russian Railways, which has a US\$1.28-billion contract with RAI to electrify 495km of track.

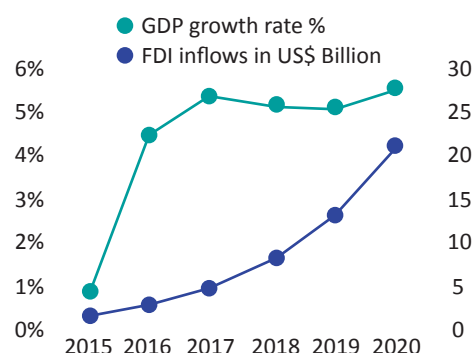
These deals are just the first of many needed to modernise the country's transport systems. Opportunities will abound for foreign engineering and infrastructure firms, as well as providers of construction materials and material handling equipment. Potential business operations would progressively accelerate from around 4-5% in the first year to more than 6-7% later in the decade as the market opens up further.

Iran's 80-million-strong consumer market is another key demand generator with an estimated value of more than US\$600 billion to be unlocked over the next five years. Spending would be spread across the automotive, consumer goods, food and beverage, and electronics sectors. For example, 1.1 million light vehicles were made in Iran from March 2014 to March 2015, an increase of 52.6% over the same period a year earlier. The country is far from reaching saturation point in this industry or in numerous others.

Tourism, and the enhanced hospitality and transport infrastructure it requires, is another important sector, especially now sanctions have been lifted. About 5 million tourists visited the country in 2014. This number is set to rise significantly in post-embargo Iran, with the government setting a target of 20 million international visitors for 2020.

## GDP Growth Rate Forecast & FDI Inflows

\*realistic estimates considering only the lifting of sanctions



Source: Economist Intelligence Unit, Ipsos Business Consulting Analysis

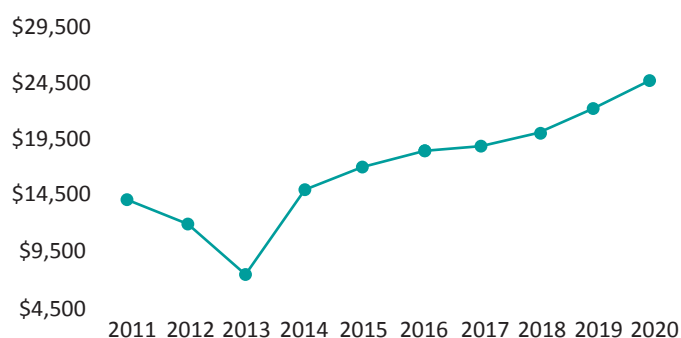
Boeing and Airbus are already receiving significant orders to coincide with the marked increase in international routes connecting Iran with the rest of the world. Iran has 125 luxury hotels in the pipeline.

Higher economic activity will also drive demand for better quality education and healthcare, as well as financial services, telecommunication and logistics.

Banking will see greater demand for trade finance and foreign exchange services, due to increased cross-border trade. Better logistics will also be needed to satisfy the increase in goods being moved across the border.

Iran offers numerous opportunities for foreign businesses, however, there are a number of challenges which companies wanting to trade with the country must be aware of. Iran scores very low in the Ease of Doing Business Index, particularly in the areas of policies and procedures enforcement. Furthermore, consumption patterns and consumer preferences are very different to those in other countries and are unique in the region. Reliable market information is scarce. In-market effort is needed to produce accurate research. Varying standards within Iran's business environment makes it highly advisable to conduct proper due diligence into all potential local partners.

## Per Capita Income (PPP) - Current and Forecast



Source: Economist Intelligence Unit, Ipsos Business Consulting Analysis



## SAUDI ARABIA

Official language: Arabic  
 Population (million): 31.5  
 Surface area (sq. km): 2,149,690  
 GDP (PPP) (billion US dollar): 1,688.6  
 GDP per capita (US dollar): 20,582.6  
 Inflation, average consumer prices (%): 2.2  
 Population below the national poverty line (%): N/A  
 Poverty headcount ratio at national poverty lines (% of population): N/A  
 Life expectancy at birth (years): All (74.3), M(73), F(75.7)

Saudi Arabia's economy — US\$653 billion in 2015 — is the largest in the Middle East. It is highly dependent on oil exports, which make up 42% of the kingdom's economy, with the non-oil sector propped up by government spending which is fuelled by oil revenue. The on-going decline in global crude prices has forced the government to start reforming and diversifying the economy.

Britain has longstanding strong trade relationships with Saudi Arabia. In 2015, UK exports to the country totalled £5,429 billion, continuing its impressive average annual growth trend of 13% since 2005, according to UN Comtrade.

UK's Export to Saudi Arabia by Key Industry	Value (£million)	CAGR 2005-15
1. Power Generation and Machinery	1,045	8%
2. Aircraft and parts	966	27%
3. Arms and ammunition	955	48%
4. Electronic Devices	515	14%
5. Road Vehicles	369	19%

Source: UN Comtrade

Education will be a major focus of government policy for the foreseeable future, providing opportunities for related British businesses, including schools, vocational education and training, higher education and professional training.

The Saudi government is allocating 23% (US\$51 billion) of its 2016 budget to the education and training sector to equip its large youth population with practical knowledge and technical skills that meet private sector needs.

Saudi Arabia is also a significant market for manufactured goods, including electrical and mechanical machinery as well as automobiles. From 2000–10, investment in the manufacturing sector increased by an average of 7% per year, reaching US\$113 billion in 2010. The government is targeting car assembly, petrochemical, food packaging and other industries as part of its attempt to expand its non-oil sector.

British companies are well positioned to generate trade related to manufacturing machinery and equipment, construction, and engineering services, while also leveraging the benefits of the cheap labour and fuel resources available in Saudi Arabia.

Ipsos Business Consulting — Local view  
 Karthik Ramamurthy, Regional Director of Consulting

*“Saudi Arabia is an important trading partner for the UK as well as being the largest economy within the Arab world. While the economy has traditionally been based on oil production, British businesses should look towards investing in transport, infrastructure, healthcare, education and energy, all of which the government is actively developing.”*



## SUB-SAHARAN AFRICA

Looming uncertainty over how Brexit will affect the UK economy and trade will see a number of cautionary short-term measures put in place for the Sub-Saharan region, such as a likely reduction in British government-funded aid.

Once Brexit has been completed, however, Sub-Saharan African countries should enjoy a stronger bargaining position as they will be able to negotiate trade with two competing players: Britain and the EU.

Ipsos Business Consulting — Expert view  
Santosh Kurian, Head of Sub-Saharan Africa

*“Countries in Sub-Saharan Africa can be expected to leverage Brexit through their respective trading blocs by renegotiating protectionist-driven trade agreements that favoured the EU, of which the UK was a part.”*

*“Britain also has an opportunity to reinforce investment-links with Commonwealth hub markets, such as South Africa, Nigeria and Kenya. Gaining traction within EU-influenced economies, such as the French-speaking Democratic Republic of Congo and Ivory Coast, as well as Portuguese strongholds, including Mozambique and Angola, can be expected to become more difficult.”*

### Santosh Kurian

Head – Sub-Saharan Africa  
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### SOUTH AFRICA

Official languages: Afrikaans, Zulu, Xhosa, Southern Sotho, Tswana, Northern Sotho, Venda, Tsonga, Swati & Ndebele  
Population (million): 55

Surface area (sq. km): 1,219,090

GDP (PPP) (billion US dollar): 725.9

GDP per capita (US dollar): 5,726.8

Inflation, average consumer prices (%): 4.6

Population below the national poverty line (%): 53.8 (2011)

Poverty headcount ratio at national poverty lines  
(% of population): 53.8 (2010)

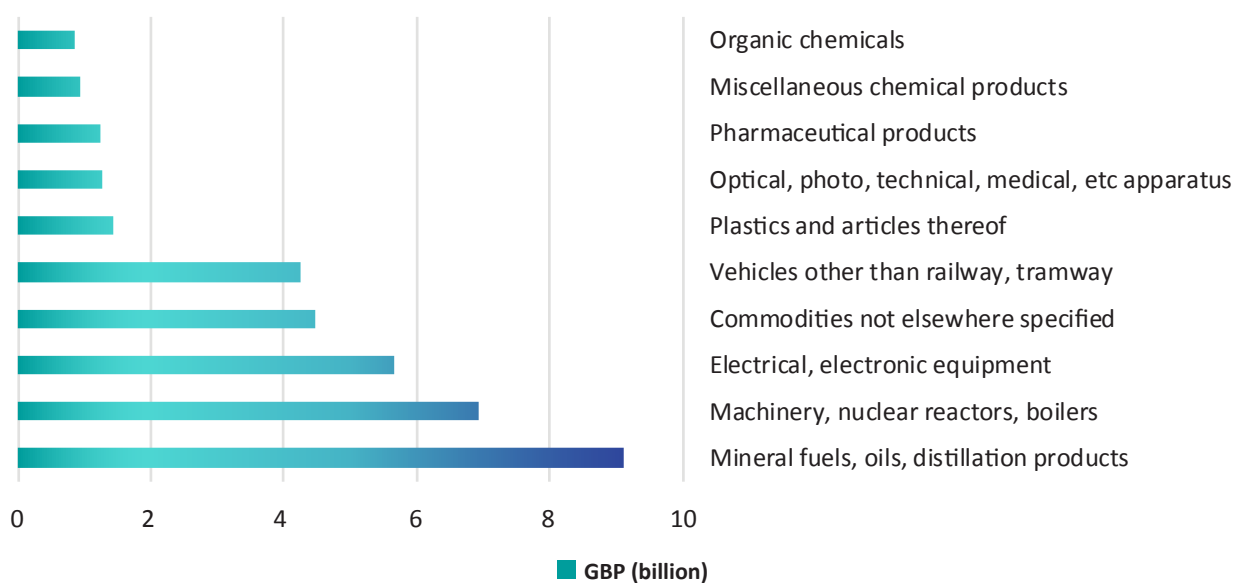
Life expectancy at birth (years): All (57.2), M(55.2), F(59.3)

UK Exports to South Africa by Key Industry	Value 2015 (£million)	CAGR '06-'15
1. Power Generating Machinery	560.34	-3.64%
2. Road Vehicles	484.06	-1.48%
3. Reprocessed Petroleum Products	412.77	6.51%
4. Electrical machinery and equipment	412.12	1.15%
5. Pharmaceutical products	222.82	3.30%
<b>Total</b>	<b>3,367.52</b>	<b>-1.97%</b>

Source: UN Comtrade

South Africa, Britain's largest trading partner in Africa, has in recent years seen a decline in imports across the board partly due to its relatively weak currency, a factor which may be mitigated in the wake of Brexit.

### South Africa Top 10 Import Products Globally



Source: Trademap

Moving forwards, heavy machinery, vehicles, mineral fuels, medicinal and beverage products are expected to make up the bulk of British imports to the country. Mining and minerals, agricultural produce and machinery exports comprise the majority of South African exports to the UK, which is South Africa's seventh largest trade partner.

Africa's largest economy is home to an increasingly skilled labour force. The country yields significant potential as a production centre for exporting goods across the continent.

Key growth sectors include infrastructure, currently worth US\$11.2 billion and expected to rise to US\$15 billion by 2020. Growth in the retail sector is expected to increase at an average annual rate of 7.2% until 2020, thanks to an increasing number of 20–39 year olds entering the growing middle class.

The automotive sector exhibits strong potential with businesses attracted by investment incentives, advanced production centres, availability of core metals and the country's position as key supplier to markets across Sub-Saharan Africa. Vehicle sales across the region are forecasted to rise by 3% a year until 2020. Urbanisation and improved infrastructure are among the key demand drivers.

South Africa's food and beverage sector is also on an upward trend with average annual growth over the next five years predicted at 6.4%. Alcoholic and non-alcoholic drinks are forecast to grow over the same period at an annual average of 2.6% and 6.4%, respectively. Rising health consciousness is boosting demand for low-calorie soft drinks. Meanwhile, the market for tea, coffee and energy drinks remains underdeveloped and offers strong opportunities for investors looking to enter the market.

The country's healthcare and pharmaceutical industries also show promise, given the potential for rising incomes as well as the prevalence of diseases, including HIV/aids. South Africa's pharmaceutical inspection cooperation scheme enables the country to serve as an exporter of medicines to other markets across the region.



## KENYA

Official languages: English, Swahili  
 Population (million): 46.1  
 Surface area (sq. km): 580,370  
 GDP (PPP) (billion US dollar): 142.2  
 GDP per capita (US dollar): 1,318.2 (2013)  
 Inflation, average consumer prices (%): 6.6  
 Population below the national poverty line (%): 45.9 (2005)  
 Poverty headcount ratio at national poverty lines (% of population): 45.9 (2005)  
 Life expectancy at birth (years): All (61.6), M(59.9), F(63.4)

Kenya is watching Brexit developments with a sense of optimism. Britain is its key export market in Europe and second globally, after the US. If the UK introduces less-restrictive import policies compared to the EU, as many believe it will, then the value of Kenya's mostly agricultural exports to Britain will grow significantly in the mid-term.

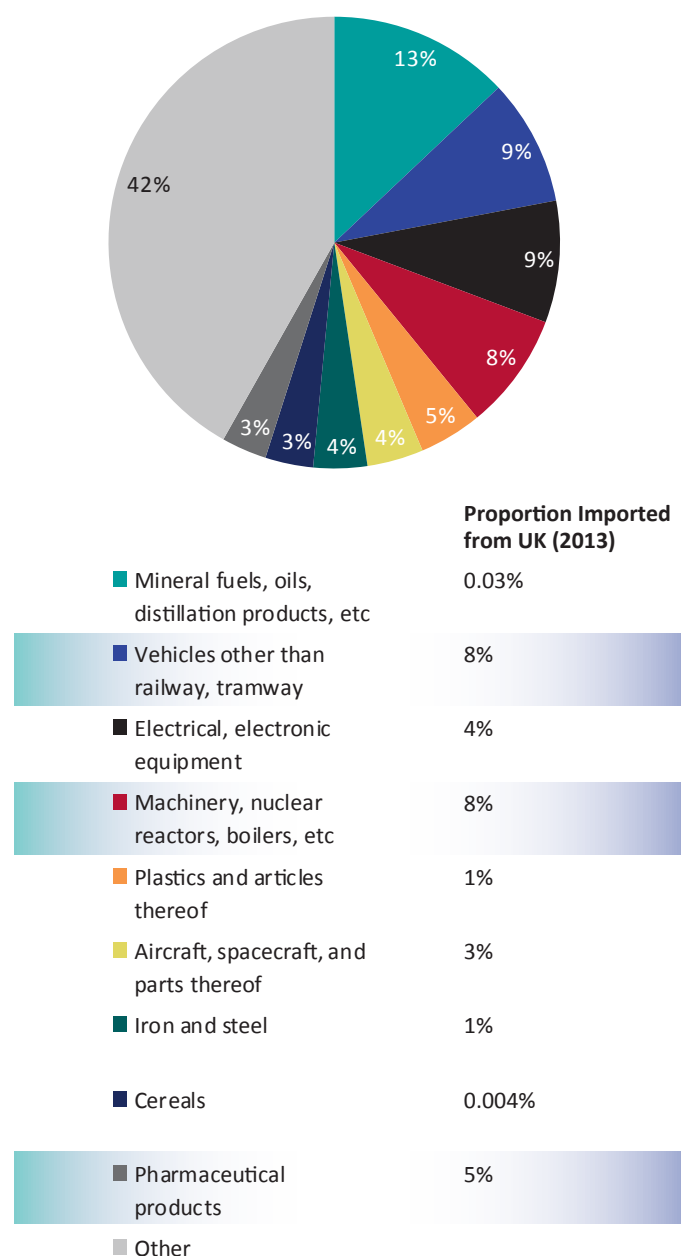
While a fully modernised Kenyan economy is a long way off, certain British exports can expect to enjoy significant growth over the next few years, especially those in the automotive, industrial machinery and pharmaceutical industries. The UK already accounts for a significant portion of Kenya's imports in these areas. Any reduction in tariffs and regulations following post-Brexit trade agreements would bolster trade.

Demographics will also drive demand for British exports to Kenya, where the population is forecast to more than double from 41 million in 2015 to 97 million by 2050, and enhance trading opportunities across the continent. Improved infrastructure in East and Central Africa, as well as harmonised trade systems, provide additional incentives for future growth.

Some global companies in the healthcare industry, such as Beckton Dickinson and Novartis, are already using Kenya as a hub for regional trade and distribution. With the pharmaceutical industry's projected average annual growth rate of 8.6% from 2014–20, British companies may want to follow suit.

### Percentage Share of Kenya's Import Value, 2015

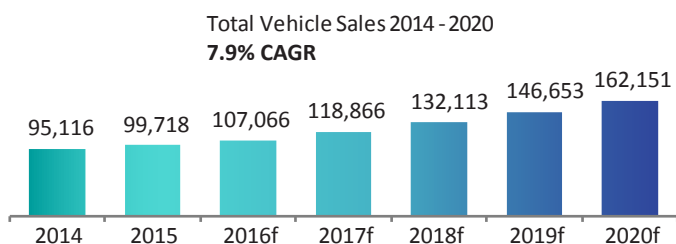
Total import value: \$ Billion 17.5



Source: Kenya National Bureau of Statistics, Trade Map

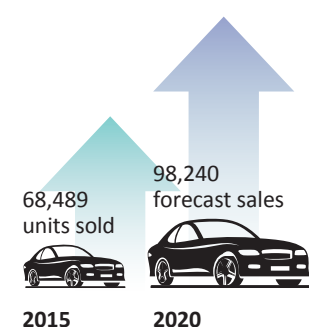
## Opportunity for UK Companies

### Automotive sector over-view



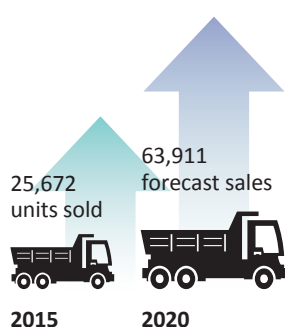
### Passenger Vehicle (P.V.)

Growth 5.1%



### Commercial (C.V.)

Growth 13.9%



### Growth Drivers



#### Construction

Sector grew by **13.6%** in 2015 & will grow by 8.5% p.a. up to 2020 boosting C.V. sales



#### Urbanization

**44%** urban population by 2050 from 25% in 2014 boosting demand for P.V. sales



#### Population

**~97 MN** people by 2050 up from ~41 MN in 2015 driving demand for both P.V. & C.V.



#### Credit Access

**28/188** global rank (2016) in ease of credit access. Credit is enabling purchase



#### Regulation

**25%** duty exemption on imported parts for assembly



#### Hub-Status

Gateway to East & Central Africa. **Tata, Ashok Leyland, Daimler** setting up assembly plants to tap region's growing demand

Source: Ipsos Business Consulting Analysis, BMI, KNBS, World Bank



## NIGERIA

Official languages: English, Yoruba, Igbo, Hausa

Population (million): 182.2

Surface area (sq. km): 923,770

GDP (PPP) (billion US dollar): 1,093.9

GDP per capita (US dollar): 2,797.9 (2012)

Inflation, average consumer prices (%): 9

Population below the national poverty line (%): 46 (2010)

Poverty headcount ratio at national poverty lines

(% of population): 46 (2009)

Life expectancy at birth (years): All (52.8), M(52.4), F(53.1)

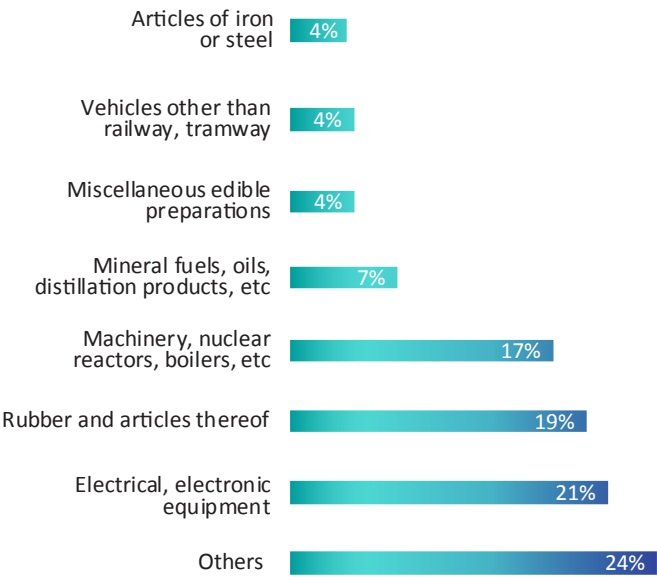
Nigeria is Britain's second largest trading partner in Africa, after South Africa, with bilateral trade of £6 billion. Nigerian exports to the UK total US\$4 billion, of which mineral fuels, oils and distillation products account for 88%.

Many Nigerian industries may benefit from the weakening of the British pound, as well as improved access to the UK that Britain's likely post-Brexit reduction in tariffs will allow. Nigerian agricultural exports to Britain are relatively insignificant, however, they could benefit from these anticipated changes in trading relations. The industry has much room to grow given Nigeria's underdeveloped fertile land and minimal commercial presence in food processing, the manufacture of pesticides and fertilisers, and seedlings.

Weakening oil prices may cause a shift in foreign direct investment to sectors outside the petroleum industry. In addition to agriculture, technology, media and telecommunications are healthy sectors of the economy that could attract a new influx of investment. Home to the continent's largest mobile market, Nigeria's communications industry is preparing for a substantial nationwide upgrade of infrastructure. Faster connection speeds and adoption of e-commerce will bring new opportunities for digitally focused businesses.

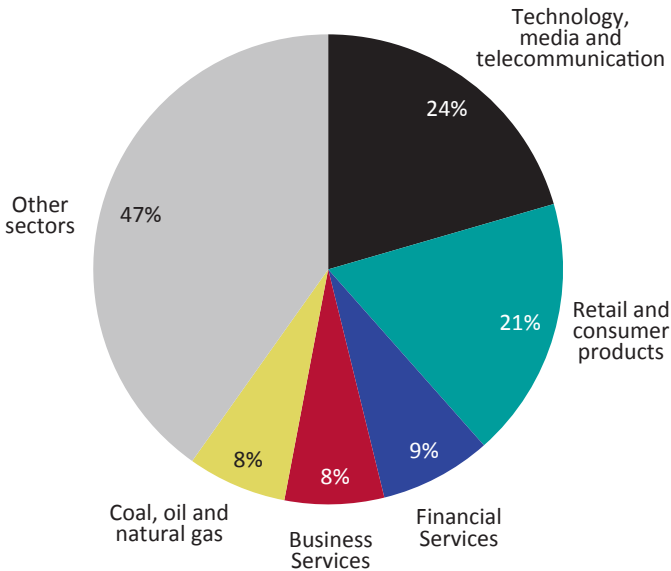
Real estate and construction also exhibit high potential. New and improved roads and housing are constant needs for a country of 180 million people. British companies are well placed to fill gaps in the market by setting up assembly plants for infrastructure and real estate projects in optimal locations.

Trade Between Nigeria & UK  
Nigeria Imports from UK by Share Split



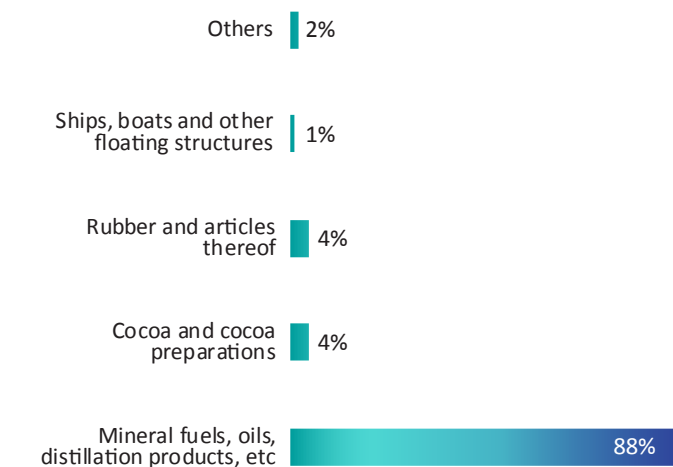
Source: Ipsos Business Consulting Analysis

Nigeria’s Investment Into Top Sectors (2007–15)  
by most projects



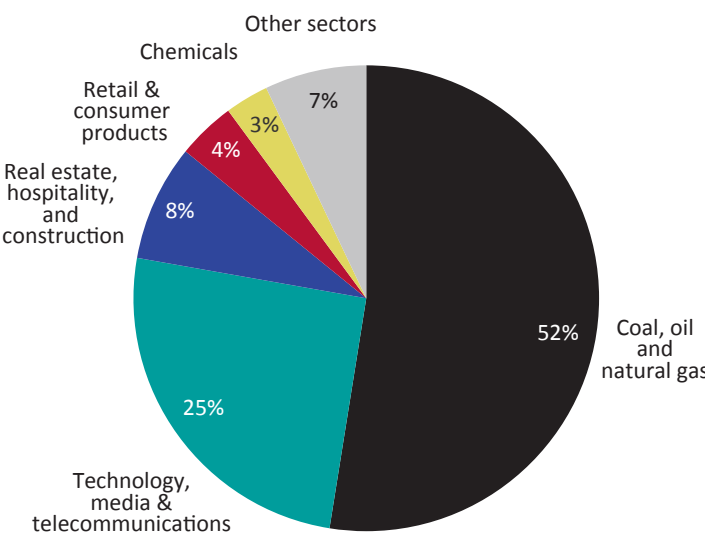
Source: Ipsos Business Consulting Analysis

Trade Between Nigeria & UK  
Nigeria Exports to UK by Share Split



Source: Ipsos Business Consulting Analysis

Nigeria’s Investment Into Top Sectors (2007–15)  
by Most Capital Invested (Total = US\$ 55,318m)



Source: Ipsos Business Consulting Analysis



Official language: English  
 Population (million): 23.8  
 Surface area (sq. km): 7,741,220  
 GDP (PPP) (billion US dollar): 1,140.6  
 GDP per capita (US dollar): 51,180.9  
 Inflation, average consumer prices (%): 1.5  
 Population below the national poverty line (%): N/A  
 Poverty headcount ratio at national poverty lines (% of population): N/A  
 Life expectancy at birth (years): All (82.3), M(80.3), F(84.3)

Australia and Britain share multiple cultural, linguistic, legal and economic ties and the two countries also enjoy a reliable, profitable two-way trading partnership. Given current uncertainty surrounding its connections with the EU, Britain may seek to deepen relations with Commonwealth countries.

Beyond its historical connections, Australia offers great potential for British businesses thanks to it being a party to a number of free trade agreements, notably ChAFTA (China Australia Free Trade Agreement), JAEPA ( Japan-Australia Economic Partnership Agreement ), AANZFTA (Australia New Zealand Free Trade Agreement) and KAFTA (Korea Australia Free Trade Agreement). British companies can leverage these pre-existing connections by establishing themselves in Australia and using the country as a low-risk base for expanding into Asian markets.

Ipsos Business Consulting — Local view  
 Shaan Tainton, Head of Australia

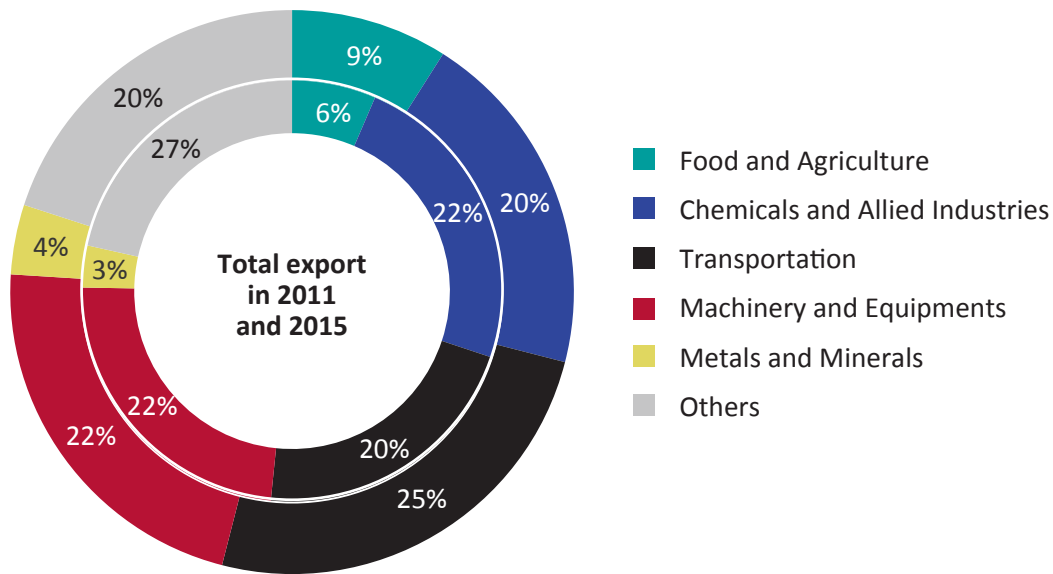
*“Australia is rich in natural resources, but it has been slower than other developed countries in adopting new technologies to utilize these resources. Historically, UK investment helped fuel Australia’s strong wool industry and enabled us to grow our financial and manufacturing sectors. Today, there is an opportunity for deeper collaboration between British and Australian business to drive innovation and play a more responsible role on a global level. Renewable energy, cyber security, communications and IT infrastructure present some of the most exciting opportunities.”*

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Biotechnology, ICT, agriculture, chemicals, pharmaceuticals, transportation, infrastructure construction and machinery present some of the strongest opportunities for British companies in Australia. These sectors currently account for more than 60% British exports to Australia. Recent developments suggest solid potential for even greater returns.

**UK's Export to Australia by Value**  
2011 (inner chart) & 2015 (outer chart)



Total export in 2011: USD 6.9 billion  
Total export in 2015: USD 5.6 billion

Source: UN Comtrade

Transportation, notably aircraft engines, locomotives and seagoing vessels, have consistently provided the strongest average annual growth for British exports to Australia (4.5%). Australia's growing population and expanding and improving infrastructure is expected to drive growth in this area. Upgrading infrastructure presents vibrant opportunities for construction materials, building services and equipment businesses from the UK.

Population growth has interesting implications for British agricultural products and food and beverage businesses. UK citizens currently migrate to Australia at the second highest rate in the world —10,000–15,000 per year, with most migrants in the high-spending 25–39 age bracket. Upon arrival in Australia, people often retain a taste for food and drinks from their homeland providing a lucrative opportunity for those brands to use the British expatriate community as a springboard for expanding into Australia. Such trade should increase as UK export tariffs are expected to lower once the country leaves the EU, potentially making its products more competitive overseas.

Australia is largely dependent on imports to feed growing demand for chemicals from its pharmaceutical industry. Leaving the EU will enable Britain to eliminate some bilateral tariffs on chemicals, which have seen Australia source such products from elsewhere. This provides the UK with an opportunity to build its position as an attractive supplier of rubber, plastics and polymers, as well as other basic and specialty chemicals.

ICT offers another potentially lucrative investment area. Australia's policy to develop its digital economy requires strategic collaborations with major foreign players. Britain excels in the fast-growing fields of cyber security, cloud technology, data analytics, and network systems. Building partnerships in these areas presents a clear opportunity to capture a significant share of an industry set to grow from \$79 billion in 2014 to \$139 billion in 2020.

Green technology provides fertile ground for foreign investment in Australia, arguably in an area that has remained underdeveloped. Despite ample solar and wind resources, the country's renewable energy supply lacks scale, capital and expertise. This industry would benefit greatly from an influx of foreign assistance to accelerate the adoption of sustainable technologies.

The construction industry offers another area for collaboration in sustainable development, given the government's commitment to reduce carbon emissions by 2030. Construction currently accounts for almost one-quarter of Australia's emissions. Developing efficient heating, lighting, ventilation and renewable building materials will play a key part in achieving these goals.

Biotechnology is another area where Australia is positioning itself on the cutting edge. The local sector has made numerous advances in recent years. The country is also becoming a key investment hub within Asia-Pacific. New drugs and medical technology devices have immense economic potential. Companies could competitively harness the power of British technical expertise and Australia's skilled workforce in this field.

## CONCLUSION

Brexit will clearly have far-reaching ramifications for Britain and its trading partners, most notably the EU. The negotiations that will define exactly how the UK withdraws from the European trading bloc will be protracted and at times contentious, particularly over more heated issues relating to the country's control of its borders, the movement of EU citizens, whether Britain remains a member of the grouping's customs union and what level of access it will retain to the single market.

This process will initially add more turbulence and uncertainty to markets around the world. Volatility should be expected in the short term. In combination, these dynamics will likely see more investors take a cautious approach regarding their activities across Britain and the EU.

Ipsos Business Consulting remains positive that the negotiating parties will reach a pragmatic and mutually beneficial resolution to any issues and that Britain will remain an important trading partner with the grouping and its member states. That said, it will take at least one to two years before a clear view on Brexit's precise terms and conditions emerges. British businesses simply cannot afford to wait and see what happens. They must act now to build trade beyond the borders of continental Europe so they can increase business today and be ready to move quickly and leverage any advantages once Britain is free from European law and able to negotiate new trade agreements around the world.

Opportunities vary from sector to sector, but many export-based British businesses can benefit by expanding their global footprint and building long-term partnerships in both developed and emerging markets.

In many cases, established Western markets, such as the US and Canada, offer a transparent, legally robust and pro-business environment for British companies. High levels of competition, and supply chain and sales and marketing complexities due to the sheer physical size of the markets can be limiting factors.

Emerging markets can offer greater opportunities: however, market entry can be much more complex given the generally opaque legal and regulatory systems and a tendency towards protectionist policies and operational issues that can be complicated by language and cultural issues. These issues should not be seen as reasons for not doing business in emerging markets, but they do underline the importance of conducting rigorous due diligence and related research prior to expanding into those countries.

The following table outlines the key established and emerging market opportunities for British businesses by sector. It shows how British industry powerhouses such as automotive, pharmaceuticals, and power generation and machinery have the potential to leverage a global reputation for excellence to strengthen their position around the world. Emerging markets, many of which have long-term housing, logistics and power development projects underway, offer significant opportunities for British firms operating in the transport and infrastructure, and power generation and machinery sectors. Retailers should look east to Asia, a continent full of opportunity for most sectors.

Industry sector	Key Country Opportunities	Emerging Country Opportunities
Agriculture	Australia	Nigeria, Vietnam
Automotive vehicles*	US, China, Australia, Brazil, UAE, Korea, Saudi, Qatar, India	Mexico, Vietnam, Iran, Kenya
Consumer goods and retail	China	Indonesia, Vietnam
Chemicals	Australia	India, Singapore, Thailand
ICT/Technology	China, UAE	Australia, Canada, India, Malaysia
Pharmaceuticals*	US, China, Brazil, Mexico	India, Indonesia, Singapore, Vietnam, UAE
Power Generation & Machinery*	US, UAE, Singapore, Mexico	Korea, Japan, Saudi Arabia, Qatar, Thailand
Transport and Infrastructure	Canada, India, Australia	Indonesia, Malaysia, Iran, Thailand, Saudi Arabia, South Africa
Aerospace	Canada	Mexico




(\* = major export industry)

*BEYOND BREXIT: Opportunities and challenges building British trade outside of the EU* provides detail on key potential prospects and pitfalls market-by-market. Knowledge is the most powerful tool for exploiting opportunities and overcoming challenges.

This is perhaps most clear with Iran, which is a frontier market for most British firms as they have no experience trading with, or doing business in, the country.




### Beyond Brexit



#### Opportunities and challenges in building British trade outside of the EU




Region	Country	Ease of Doing Business	Opportunities	Challenges
The Americas	 US	2017 Ranking <b>8<sup>th</sup></b>  2017 DTF Score <b>82.45</b>	The US, Britain's no.1 trading partner, expects to complete the Transatlantic Trade and Investment Partnership (TTIP) with the EU. The UK can benefit from a similar deal harmonising regulation and potentially eliminating restrictive EU trade tariffs.  A highly developed market offering high levels of transparency and a well-regulated business environment.  Key opportunities for British powerhouses: machinery, healthcare and automotive. Less developed sectors warrant further investigation.	A quagmire of highly complex and diverse regulations and tax laws at federal, state and local levels.  It is not a single market from a sales and marketing perspective. Vast differences exist between regions and states. Go-to-market models need tailoring to such nuances.  Highly competitive — benchmarking and learning from past successes and failures is key for incumbents and newcomers alike.
	 Canada	2017 Ranking <b>22<sup>nd</sup></b>  2017 DTF Score <b>78.57</b>	Strong historical ties with the UK are bolstered by a clearly stated commitment to formalising a bilateral trade agreement after Brexit.  A highly developed market with high levels of transparency and a well-regulated business environment.  Recognised as the advanced country with the greatest potential for developing trade with Britain.	Companies need to be well versed in both criminal and civil law in Canada. Along with taxation, these vary on federal, provincial and territorial levels.  Businesses need to be aware of supply-chain implications from operating in the world's second largest country by area, which is home to a relatively small population. Goods have to travel long distances and preferences vary greatly by region.
	 Brazil	2017 Ranking <b>123<sup>rd</sup></b>  2017 DTF Score <b>56.53</b>	Latin America's largest economy offers long-term opportunities for a diverse range of British businesses willing to play a longer game.  Crackdowns on corporate corruption are gaining pace, painting an optimistic future for a more transparent pro-business environment in Brazil.  Consumers are downsizing, as seen in the increased use of generic medicines. Many retail sectors are underdeveloped presenting key opportunities for UK businesses.	Brazil's recent recession, its longest for many years, was exacerbated by an overreliance on commodities. Full recovery will take time making the market inappropriate for companies with a short investment horizon.  Red tape and cumbersome regulations, including strict import duties, are ubiquitous and differ from state to state making the operating environment complex.  Declining consumer confidence is putting an even greater onus on the need for corporate integrity, transparency and trustworthiness.

Region	Country	Ease of Doing Business	Opportunities	Challenges
	 Mexico	2017 Ranking <b>47<sup>th</sup></b>  2017 DTF Score <b>72.29</b>	<p>Mexico's stable, slow-growing economy is a bright star for trade in Latin America.</p> <p>Highly accessible market thanks to the sheer number — more than 45 — of on-going free trade agreements.</p> <p>The world's most obese nation, according to WHO with one-third of the population affected, offers strong growth potential for healthcare and related industries.</p>	<p>There are no signs of Mexico winning the war with the drug cartels in the near-term. Crime and insecurity are major concerns for people and businesses.</p> <p>Mexico's close trade links to the US mean British companies must offer unique or highly diversified propositions to warrant consideration.</p> <p>More than half of the population lives in poverty, making it a tough market for higher-value products and services.</p>
Asia	 India	2017 Ranking <b>130<sup>th</sup></b>  2017 DTF Score <b>55.27</b>	<p>Falling commodity prices will reduce the current account deficit and improve the macroeconomic situation making India a more attractive investment destination for British companies.</p> <p>India is a top investor in Britain. Any bilateral agreement removing EU-related trade tariffs would benefit two-way trade between the countries.</p> <p>A weaker pound will make British valuations more attractive and drive Indian investments and acquisitions in the country.</p>	<p>Indian businesses in the UK — mainly automobiles and components, pharmaceuticals, gems and jewellery, education and IT — are highly sensitive to fluctuations in currency and the business environment.</p> <p>Current turbulence in the global financial market will increase short-term capital flight from India, devaluing the rupee and increasing volatility in India's financial market.</p> <p>Exports to the UK are expected to face short-term challenges owing to confusion surrounding Brexit and its potential implications on trading processes.</p>
	 China	2017 Ranking <b>78<sup>th</sup></b>  2017 DTF Score <b>64.28</b>	<p>Economic transformation towards local consumption and a highly mechanized and service-oriented economy is creating new opportunities for foreign companies, in sectors such as e-commerce and high-tech products.</p> <p>Chinese consumers are becoming wealthier and demanding higher-quality and customized products and services. Local companies in many sectors will need to partner foreign firms to satisfy demand for higher-value goods.</p> <p>Strong Sino-British relationship with the UK being China's second largest trading partner in the EU and the 4th largest globally. Britain continues to build stronger ties with China and seeks to become China's "best partner in the west".</p>	<p>China's economic growth is just 7% (almost a recession in local terms) continuing a downward trend since 2010. A corresponding rise in labour and materials cost are causing some foreign investors to relocate operations elsewhere in the region (eg Vietnam and Thailand).</p> <p>The enhanced capabilities of local businesses are diminishing technological and skills advantages previously enjoyed by foreign firms. British companies must focus on creating growth in an increasingly competitive market. Local businesses will also maintain an upper hand — at least in the short term — in navigating the complex and often opaque bureaucratic, legal and regulatory landscapes.</p> <p>China and EU have been embroiled in some trade disputes over issues such as higher EU tariffs on cheap Chinese steel. As part of the EU, Britain helped mitigate some of these issues. Nevertheless, Brexit will see UK companies have to balance their relationships and business strategies with counterparts in both the EU and China.</p>

Region	Country	Ease of Doing Business	Opportunities	Challenges
Southeast Asia	 Thailand	2017 Ranking <b>46<sup>th</sup></b>  2017 DTF Score <b>72.53</b>	<p>Currently accounting for about 1.5% of British trade, Thailand offers strong growth potential for British companies, particularly in the machinery, transportation and manufactured goods sectors.</p> <p>Government infrastructure projects and a growing middle class with strong affinities for high-quality Western goods present solid opportunities for British businesses to expand in the kingdom.</p> <p>Thai consumers are major adopters of online shopping / e-commerce, presenting an attractive market for multinational retailers and increasing access to UK products.</p>	<p>Consumer spending and retail sales have declined due to an economic downturn from 2011–15.</p> <p>Political uncertainty and related risks have dampened foreign investor confidence in the country.</p> <p>High levels of income inequality mean any recovery in consumption will likely take place in the relatively small upper-middle to high-income groups.</p>
	 Vietnam	2017 Ranking <b>82<sup>nd</sup></b>  2017 DTF Score <b>63.83</b>	<p>The recently concluded EU-Vietnam Free Trade Agreement will increase trade, streamline customs procedures and help provide a frame for a bilateral agreement with the UK.</p> <p>Foreign direct investment continues to grow in Vietnam, which offers a range of incentives.</p> <p>Improvements in Vietnam's production capabilities are expected to drive growth in electronics, manufacturing, telecommunications and building materials. The government also introduced new incentives for foreign investment in specific industries, mostly high-end technology manufacturing. These developments provide opportunities for a broad range of British businesses seeking to expand their footprint in Vietnam.</p>	<p>Lengthy and opaque investment procedures deter many businesses.</p> <p>Corruption is fairly widespread and a concern for many corporations and investors.</p> <p>Several of Vietnam's tax rates (eg corporate tax and personal income tax) are higher than in nearby competing markets.</p>
	 Indonesia	2017 Ranking <b>91<sup>st</sup></b>  2017 DTF Score <b>61.52</b>	<p>Strong growth potential as many market sectors are underdeveloped. This significant potential for expansion is supported by pro-business government policies.</p> <p>Demographic drivers include a large and youthful working-age population and a fast-emerging middle class.</p> <p>Widespread entrepreneurialism with large numbers of tech start-ups and small businesses. These are supported by an active venture capital sector attracted by chance of rapid returns in Southeast Asia's largest economy.</p>	<p>Difficulty of doing business and bureaucracy can be bewildering for those unfamiliar with the system. State institutions are not always aligned with each other.</p> <p>Infrastructure remains inadequate but is a key area of focus for government. Significant progress being made on rail, road and port development.</p> <p>Non-tariff barriers including complex procedures for imports, investments or joint ventures; negative investment list, regulatory and legislative unpredictability, and protectionism.</p>

Region	Country	Ease of Doing Business	Opportunities	Challenges
	 <b>Malaysia</b>	2017 Ranking <b>23<sup>rd</sup></b>  2017 DTF Score <b>78.11</b>	<p>Relatively stable political landscape, vibrant economy and well-developed legal and financial system provides a business friendly environment for long-term investment.</p> <p>English is the business language in Malaysia, which has shared history, business and legal practices with the UK.</p> <p>Malaysia is transitioning into a service-based market and developing its high-income, knowledge- and innovation-based economy which provide ample opportunities for UK companies.</p>	<p>Some public procurement restricts direct participation by foreign firms, and generally requires local partners.</p> <p>Depreciation of Malaysian ringgit makes UK products and services expensive.</p> <p>Highly competitive market with more than 5,000 foreign companies from more than 40 countries, such as the US, Europe, Australia, Hong Kong.</p>
	 <b>Singapore</b>	2017 Ranking <b>2<sup>nd</sup></b>  2017 DTF Score <b>85.05</b>	<p>One of the easiest places in the world to do business in. Ranked no.2 in World Bank's "Doing Business 2017" Report. Minimal costs arising from bureaucracy and regulatory compliance.</p> <p>Singapore is a leading financial hub in Asia. This, supported by its strong governance and institutional transparency, make it highly attractive to British financial institutions seeking to expand in Southeast Asia.</p> <p>World-class infrastructure for logistics, telecommunications and banking facilities. Enables operational efficiency and minimizes risk of business disruption.</p>	<p>High cost of living can deter some businesses. Singapore is one of the most expensive cities for expatriates to live in, ahead of Zurich, Hong Kong, and Geneva.</p> <p>Small domestic market. Highly competitive market with well-developed sectors (more challenging to find untapped opportunities).</p> <p>One of the world's most expensive office real estate markets.</p>
	 <b>Australia</b>	2017 Ranking <b>15<sup>th</sup></b>  2017 DTF Score <b>80.26</b>	<p>Long history of successful trade relations between UK and Australia</p> <p>Proximity, strong economic and cultural ties to high growth Asian markets offers a springboard for UK companies to enter Asian markets</p> <p>Relatively safe, low risk environment (high levels of transparency and well-regulated business environment).</p>	<p>High labour costs.</p> <p>Lack of uniform trade and investment policy – complexity of navigating uncertainty surrounding investment rules.</p> <p>Recent tax reforms to clampdown on companies moving profits offshore to avoid tax means British businesses investing in Australia will face greater scrutiny.</p>

Region	Country	Ease of Doing Business	Opportunities	Challenges
Africa	 South Africa	2017 Ranking <b>74<sup>th</sup></b>  2017 DTF Score <b>65.20</b>	<p>Brexit will enable bilateral trade negotiations, providing an opportunity to agree better terms for South Africa, the UK's largest market in Africa. This could catalyse trade between the countries.</p> <p>South Africa, the largest economy in Africa, has the region's most sophisticated infrastructure and serves as the most popular gateway into Africa for multinationals, including many British firms.</p> <p>The British pound's weakening against the rand will likely drive demand for UK products and services.</p>	<p>South Africa's key challenges are low growth, continued labour unrest, structural unemployment, severe inequalities, and low business and consumer confidence.</p> <p>Foreign direct investment from the UK is likely to slow as many British firms adopt a wait-and-see approach until the ramifications of Brexit become clearer.</p> <p>Movement of goods will be disrupted in the short term once negotiations start for new trade agreements with Britain.</p>
	 Kenya	2017 Ranking <b>92<sup>nd</sup></b>  2017 DTF Score <b>61.22</b>	<p>Imports from the UK (including used cars, machinery and pharmaceuticals) will be cheaper relative to those from key source markets, such as China and Japan, due to the weakening British pound.</p> <p>Potential to form more favourable bilateral trade agreements and cooperation with the UK away from restrictive EU regulations.</p> <p>To compete against the EU, Britain will likely develop more flexible and friendlier business relations (eg, introducing tax breaks for specific investment types). This will create new opportunities for Kenyan businesses to invest in the UK.</p>	<p>With the mid-term depreciation of the British pound, UK demand for imports (such as agriculture and tea from Kenya) is likely to slow-down.</p> <p>If the UK introduces protectionist trade policies, domestic companies will benefit through reduced competition from Kenyan imports especially in the agribusiness sector.</p> <p>We are likely to see a decrease in tourist arrivals from the UK due to increased cost of travel as the pound weakens.</p>
	 Nigeria	2017 Ranking <b>169<sup>th</sup></b>  2017 DTF Score <b>44.63</b>	<p>Increased demand for imports from the UK. A weakening British pound will drive demand for imports of popular UK goods and services in Nigeria.</p> <p>Agricultural trade should improve as Britain re-examines policies previously regulated by the EU, most notably the Common Agricultural Policy. This could increase trade of agricultural products from Sub Sahara Africa (including Nigeria) with the UK.</p> <p>The UK is likely to look into existing trade agreements with Nigeria that were negotiated under the EU. This could result in a wider and more diverse partnership between Britain and Nigeria, one which would provide long-term opportunities for British firms seeking opportunities in the country.</p>	<p>Decreased foreign investment into Nigeria from UK based companies due to a slowing UK economy on the back of Brexit and potential disruption as the UK renegotiates trade agreements.</p> <p>The UK is expected to enforce tougher immigration policies that are likely to affect Nigerians travelling to Britain and an estimated 2 million Nigerians already living in the UK. Those sectors of the UK economy reliant on immigrant labour will see production costs rise.</p> <p>Investment in Britain by Nigerian businesses (particularly those trading in oil) is likely to shrink given that trade agreements between EU countries and non-EU countries are negotiated by the European commission. The UK no longer offers full access to the lucrative EU market.</p>

Region	Country	Ease of Doing Business	Opportunities	Challenges
Middle East	 UAE	2017 Ranking <b>26<sup>th</sup></b>  2017 DTF Score <b>76.89</b>	<p>British imports will become cheaper as sterling weakens against the dirham (which is pegged to the US dollar).</p> <p>UK exports to the UAE, Britain's largest export market in the Middle East, grew by an annual average of 10% from 2010–15.</p> <p>British firms can leverage their longstanding relations in the UAE —especially in areas such as education, healthcare, ICT and fintech (financial technology) — to support the country's strategic shift towards a knowledge-driven economy.</p>	<p>Weaker sterling makes the UAE more expensive for people from the UK and will likely negatively affect the economy, especially tourism.</p> <p>British people are key investors in the UAE's real estate market. The weaker pound will dampen their activity in the Dubai market, which is considered a global asset class due to its high yield.</p>
	 Saudi Arabia	2017 Ranking <b>94<sup>th</sup></b>  2017 DTF Score <b>61.11</b>	<p>Brexit will offer British companies the opportunity to strengthen well-established trade relations with Saudi Arabia, which have achieved double-digit annual average growth for more than a decade.</p> <p>The weaker pound will stimulate Saudi demand for British imports.</p> <p>Defence budgets, which have been on the rise in recent years, provide sound opportunities for UK-based firms, a key source for material and defence technology.</p>	<p>The weakening pound will reduce opportunities for British companies wanting to invest Saudi Arabia's local manufacturing sector, which the government is heavily promoting to foreign investors.</p> <p>"Saudization" of the market, a non-meritocratic policy which sets minimum employment quotas for nationals, creates challenges for sourcing skilled and cheaper foreign labour.</p>
	 Iran	2017 Ranking <b>120<sup>th</sup></b>  2017 DTF Score <b>57.26</b>	<p>Iran's forecast annual growth of more than 5% over the next few years presents some of the most promising opportunities in the region.</p> <p>British companies in the business and consumer sectors can take advantage of the opening economy, specifically in the transport, energy, infrastructure, consumer-packaged goods, automotive, travel and tourism sectors.</p> <p>Britain can create new opportunities with Iran when it is free from EU regulations, which currently include some sanctions against Iran.</p>	<p>Despite the lifting of sanctions, Iran remains poorly integrated with global financial networks. This raises risks for efficient transactions and payments.</p> <p>Iran is a relatively complex market where years of sanctions have strengthened domestic competition. The lack of transparency increases risks for foreign businesses entering the market.</p>

Source: Doing Business database - World Bank

Emerging markets offer significant opportunities for British businesses — these opportunities also include new niches within established territories. However, opportunity never comes without risk. Local, expert knowledge of legal and regulatory issues, cultural differences and a whole host of practical issues can mitigate such risks. Ipsos Business Consulting offers unparalleled experience in helping assess opportunities for clients and tailoring Go-To-Market strategies that are optimised for their specific needs.

Armed with these insights, British companies can confidently and strategically expand their interests around the world.

Rather than waiting for Brexit to be completed, forward-thinking businesses can act now, increase their opportunities beyond the confines of the EU and play a pioneering role in reshaping Britain's trading map in the 21st century.

For more information on how we can help your business make the most out of Brexit, contact [brexit.support@ipsos.com](mailto:brexit.support@ipsos.com)

# ABOUT IPSOS BUSINESS CONSULTING

Ipsos Business Consulting is the specialist consulting division of Ipsos, which is ranked third in the global research industry. With a strong presence in 88 countries, Ipsos employs more than 16,000 people.

We have the ability to conduct consulting engagements in more than 100 countries. Our team of consultants has been serving clients worldwide through our 21 consulting "hubs" since 1994. Our suite of solutions has been developed using over 20 years experience of working on winning sales and marketing strategies for developed and emerging markets. There is no substitute for first-hand knowledge when it comes to understanding an industry. We draw on the detailed industry expertise of our consultants, which has been accumulated through practical project execution.

Founded in France in 1975, Ipsos is controlled and managed by research and consulting professionals. They have built a solid Group around a multi-specialist positioning. Ipsos is listed on Eurolist - NYSE-Euronext. The company is part of the SBF 120 and the Mid-60 index and is eligible for the Deferred Settlement Service (SRD). ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP

## Build · Compete · Grow

At Ipsos Business Consulting we focus on maintaining our position as a leading provider of high quality consulting solutions for sales and marketing professionals. We deliver information, analysis and recommendations that allow our clients to make smarter decisions and to develop and implement winning market strategies.

We believe that our work is important. Security, simplicity, speed and substance applies to everything we do.

Through specialisation, we offer our clients a unique depth of knowledge and expertise. Learning from different experiences gives us perspective and inspires us to boldly call things into question, to be creative.

By nurturing a culture of collaboration and curiosity, we attract the highest calibre of people who have the ability and desire to influence and shape the future.

## Our Solutions

- |                            |                             |
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| · Competitive Insights     | · Forecasting               |
| · Partner Evaluation       | · Brand Strategy & Value    |
| · Innovation Scouting      | · Sales Detector            |
| · Optimal Channel Strategy | · B2B Customer Segmentation |



November 2016

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OVER

20 YEARS

EXPERIENCE OF GO-TO-MARKET  
strategy in emerging and  
developed markets



## GO-TO-MARKET

Preparing for market entry has never been so complex. The rise of global connectivity, both online and in terms of real-world trade infrastructure, means that businesses need to adapt to rapid changes throughout the world of commerce. New trade partnerships allow competition to come from all sides, e-commerce requires a revolution in logistics, and the rise of internet advertising demands mastery of this new media platform.

These new market realities affect consumer preferences in terms of products and their method of purchase, advertising models, logistics in an e-commerce world, legal requirements at every step of the way, and competitors both local and overseas. Companies must remain ready to respond to real-time evaluations of sales performance, while continuing to monitor progress toward long-term goals.

Now more than ever, a detailed understanding of the market is an essential element of a winning business model. The Ipsos Business Consulting proprietary model for Go-to-Market strategy, combined with our world-class marketing research service in 88 countries around the world, puts us ahead of the pack in preparing our clients for the new realities of the global marketplace.

Ipsos begins its Go-to-Market process with a detailed assessment of the existing marketplace to identify its needs, opportunities and limitations as well as the strengths and weaknesses of competitors. We then provide a clear entry strategy based on our clients' products and their unique selling points, identifying reliable local partners to assist in market entry.

By determining market growth potential through a realistic analysis of its drivers and barriers, Ipsos clearly maps the business landscape to show the way forward. Precise customer demographic profiles identify your target market, while a breakdown of your product value chain allows you to optimise the logistics network from end to end.

This framework allows us to identify your company's inherent strengths, match each product to its ideal marketplace, and position your brand for maximum impact. We help you set realistic goals, whether your KPIs focus on growing your market share, increasing penetration or finding a new niche for your products. Ipsos's own visual model to compare pilot projects in terms of cost, timescale, ease of implementation, and potential performance level, makes deciding on strategy a straightforward process.

With the right plan in place, we map out a realistic timeline for short, medium and long-term goals, as well as the means to measure progress towards them. Ipsos continually does due diligence on potential partnerships with other businesses, compiling easy-to-read comparative summaries that examine several key parameters in order to identify the most promising among them.

Along the way, we continually seek out strategic levers your company can use to gain a market advantage, and then we convert them into clear initiatives for fast implementation. Our Project Management Office provides you with status reports and simple dashboards so that a current evaluation of your progress is always at your fingertips.

Well-researched, comprehensive and easy to use: Our dedicated multi-level approach makes Ipsos an ideal partner for Go-to-Market in both emerging and developed markets. For more information on how you can get started on the path to market success, go to [www.ipsosconsulting.com](http://www.ipsosconsulting.com) to find your nearest office.

[www.ipsosconsulting.com/go-to-market](http://www.ipsosconsulting.com/go-to-market)

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