



# UK ECONOMIC OUTLOOK

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MANTAS ZAMZICKAS

COMMERCIAL ATTACHE TO THE UK

5 NOVEMBER 2020



## TODAY'S CONTENT

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# COVID-19 IN THE UK

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# UK ECONOMY

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# BREXIT

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# TRAVEL RESTRICTIONS

# NEW LOCKDOWN RULES FOR ENGLAND – STARTING FROM 5<sup>TH</sup> OF NOVEMBER



Pubs and restaurants closed but takeaways permitted



Non-essential shops, leisure and entertainment venues closed



No households mixing indoors, or in private gardens, unless in your support bubble



Stay home – only leave for specific reasons including education and work

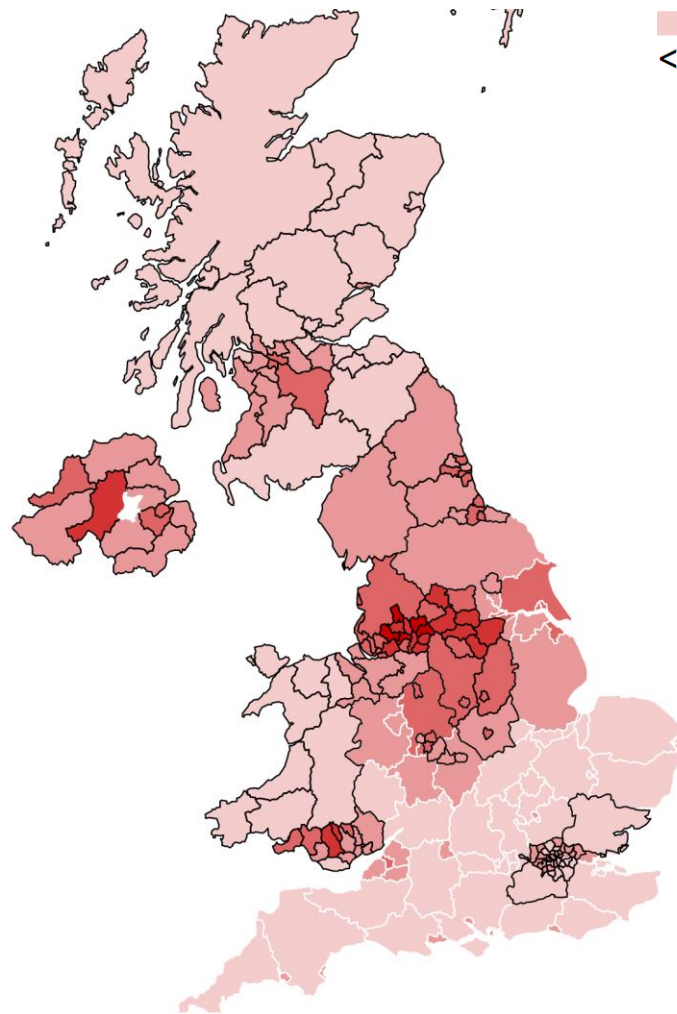


Schools, universities and colleges remain open



Outdoor recreation encouraged, you can meet one person outside your household

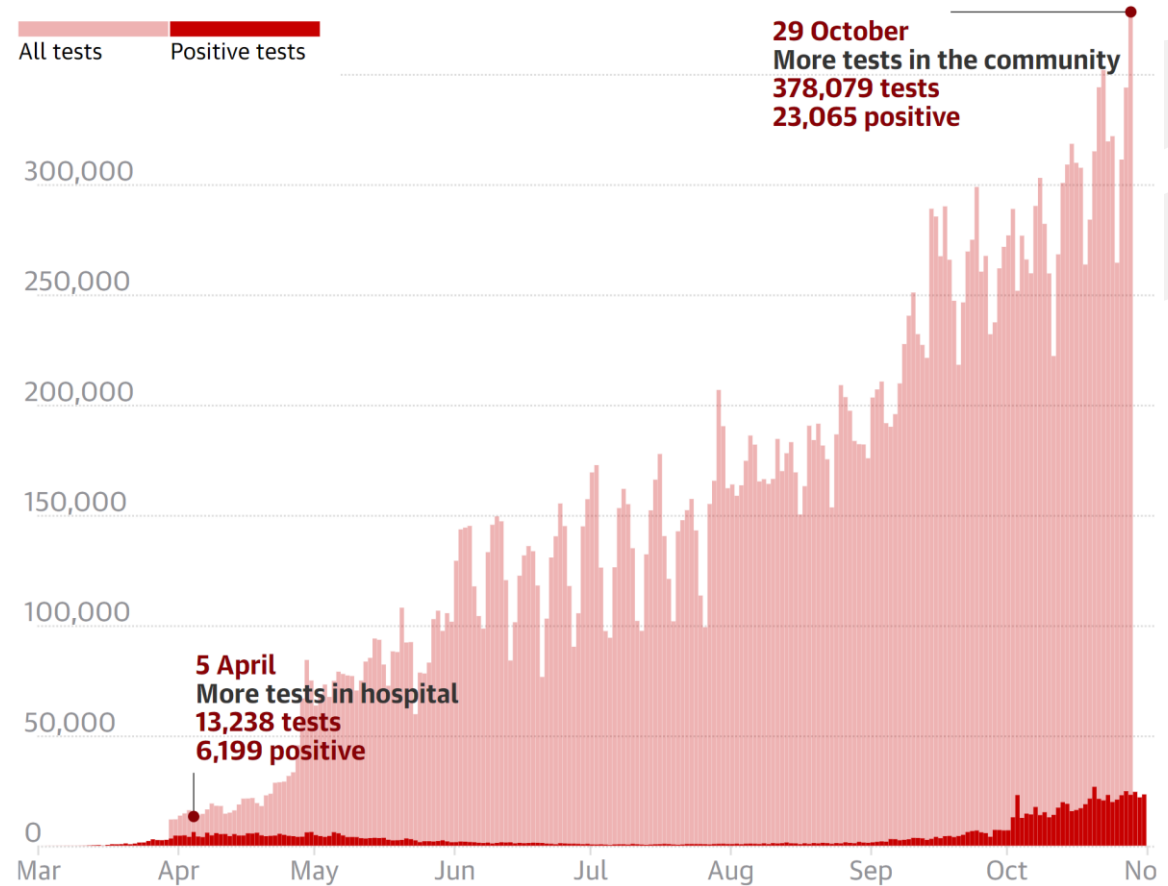
# WHERE ARE THE UK'S CURRENT CORONAVIRUS HOTSPOTS?



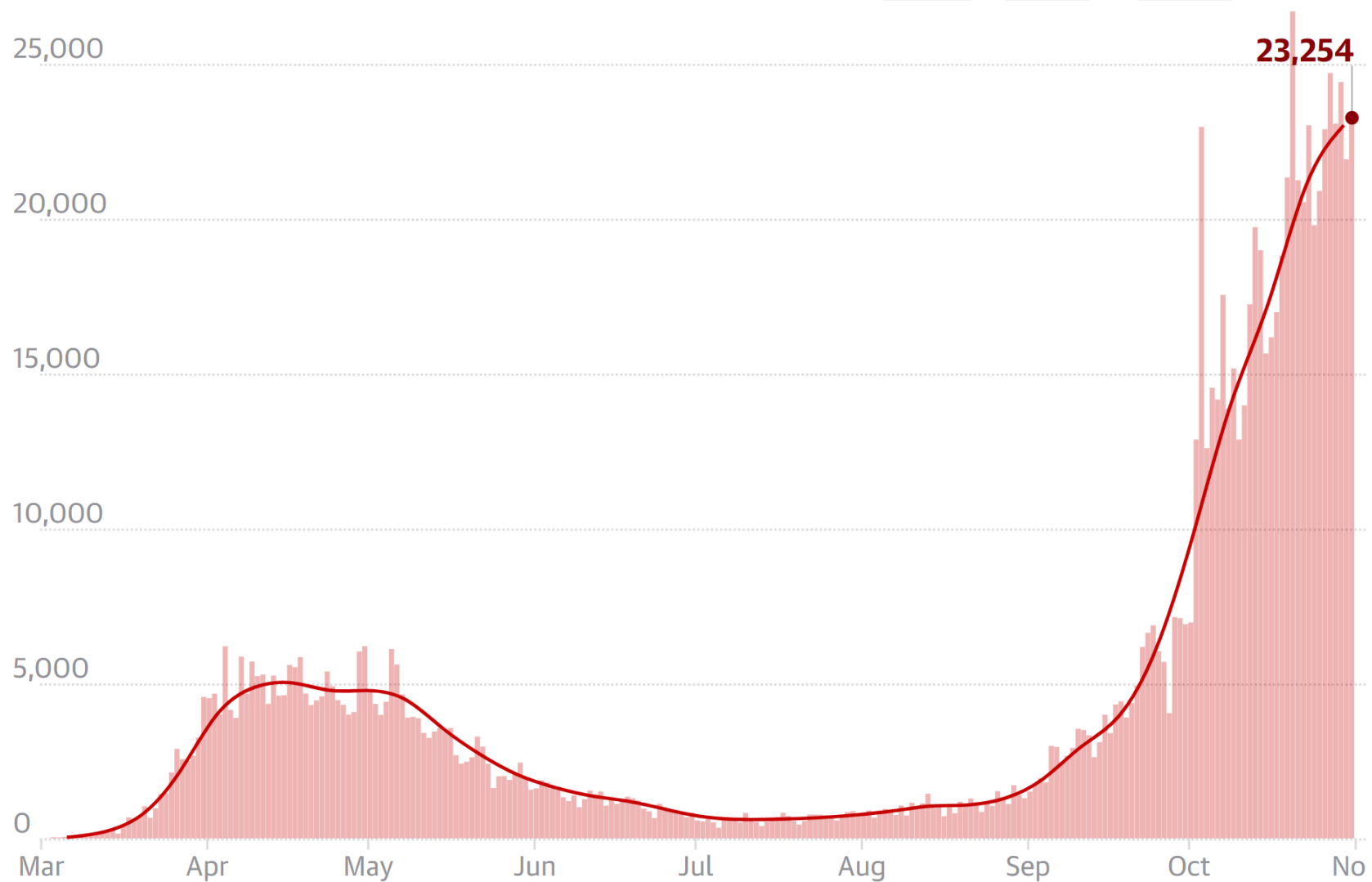
Rate per 100k last week

Color	Rate per 100k last week
Lightest red	<140
Light red	280
Medium red	420
Dark red	560
Darkest red	>700

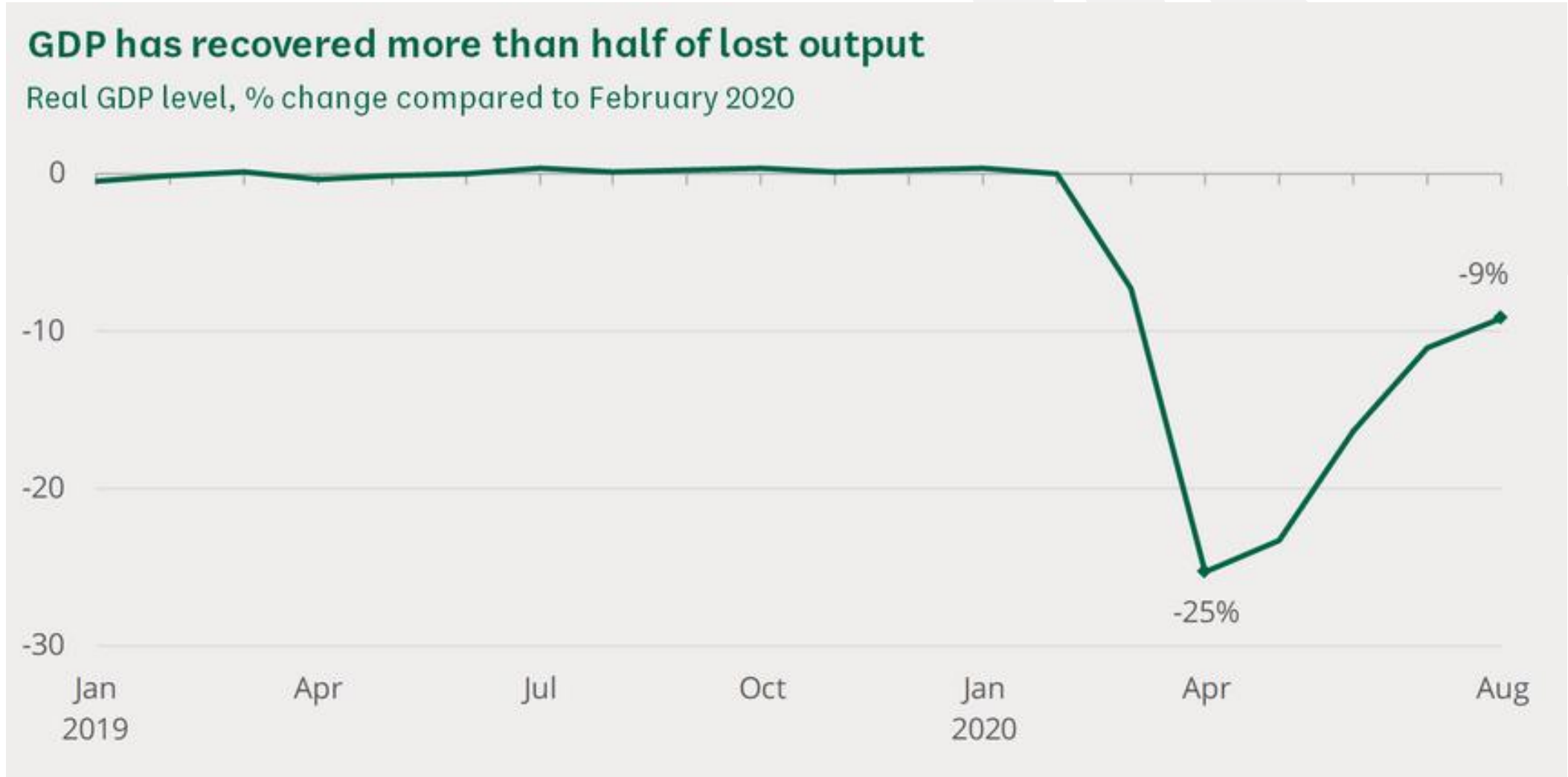
All tests Positive tests



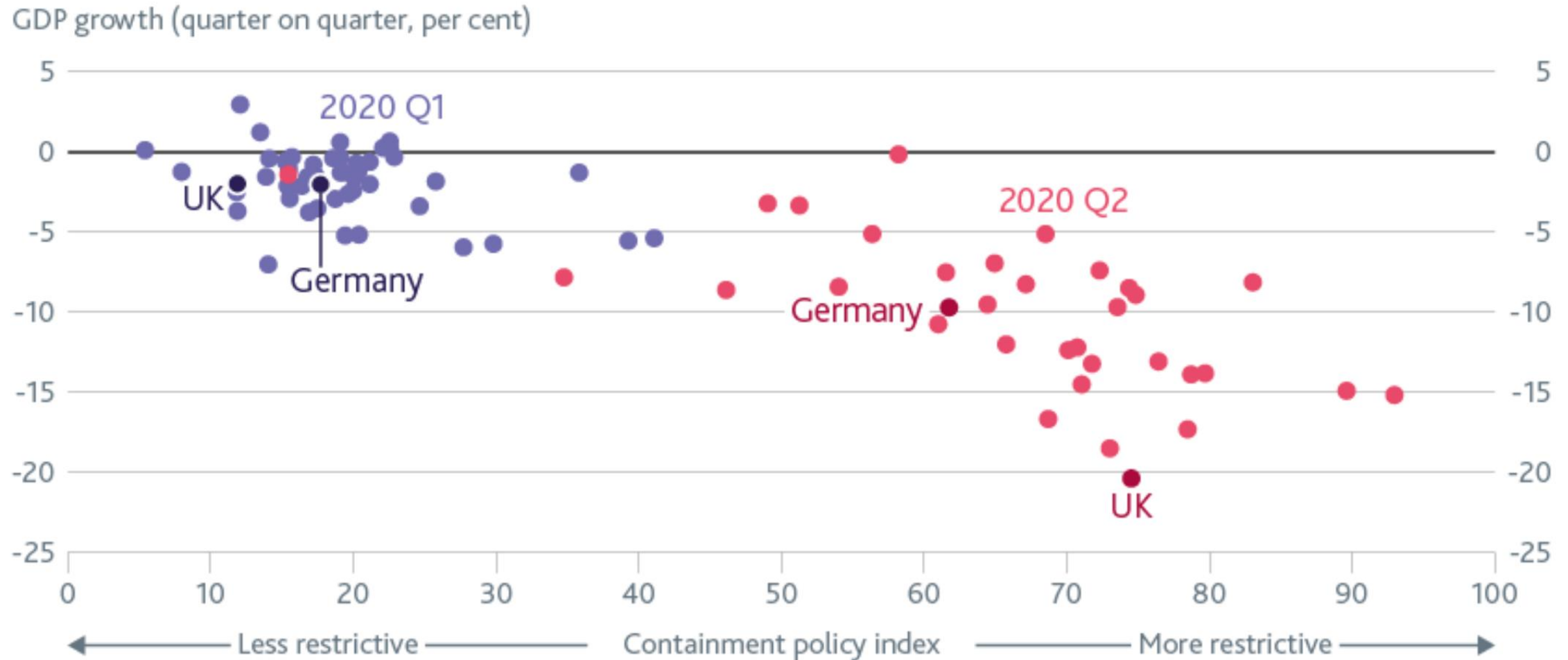
# HOW IS THE DISEASE PROGRESSING IN THE UK?



# GDP DECLINES BY 12.4% IN 2020, WITH THE UNEMPLOYMENT RATE PEAKING AT 12% BY THE END OF 2020

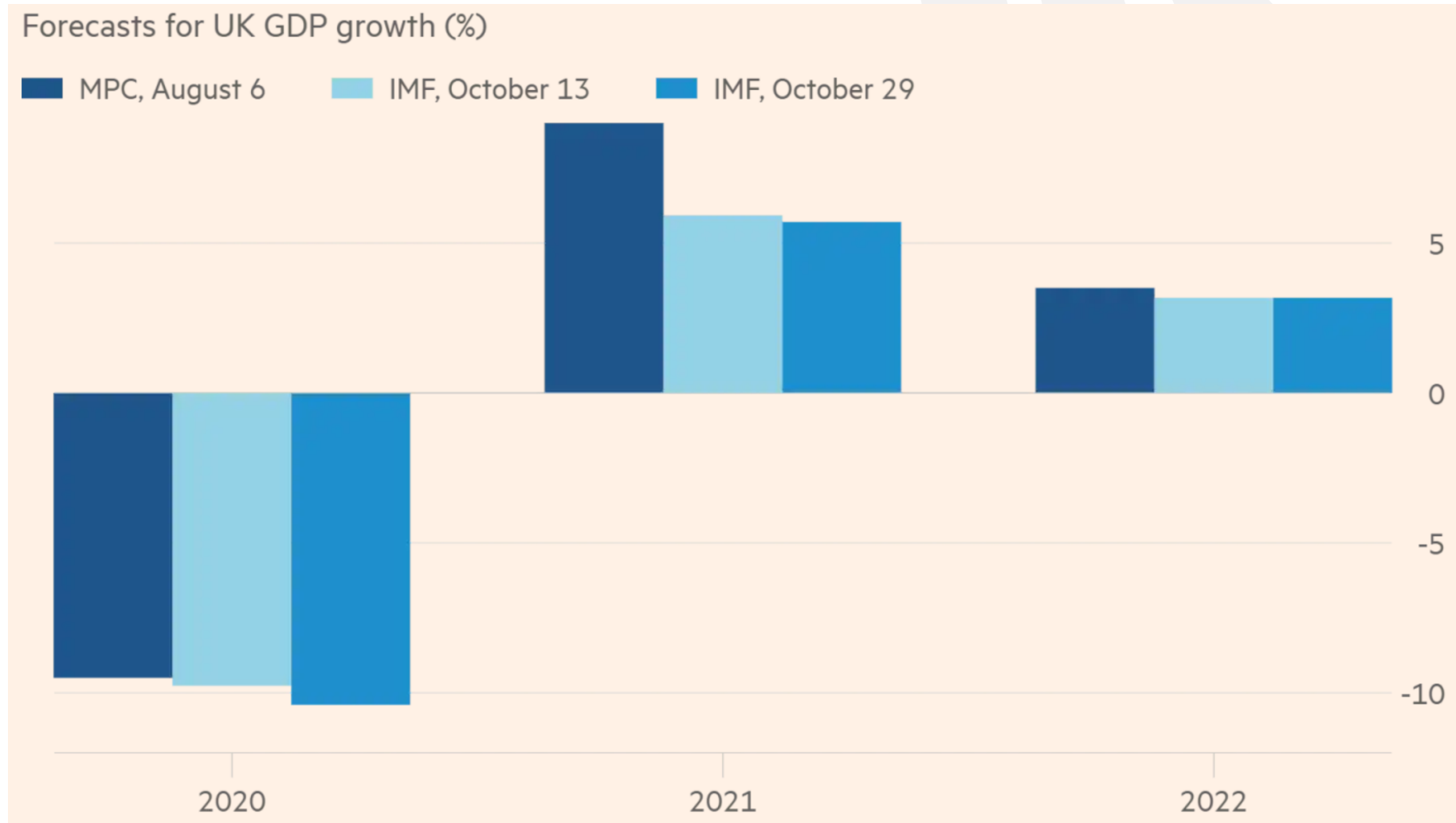


# GDP FELL BY MORE IN COUNTRIES WITH MORE RESTRICTIVE POLICY RESPONSES TO COVID-19



Source: Bank of England

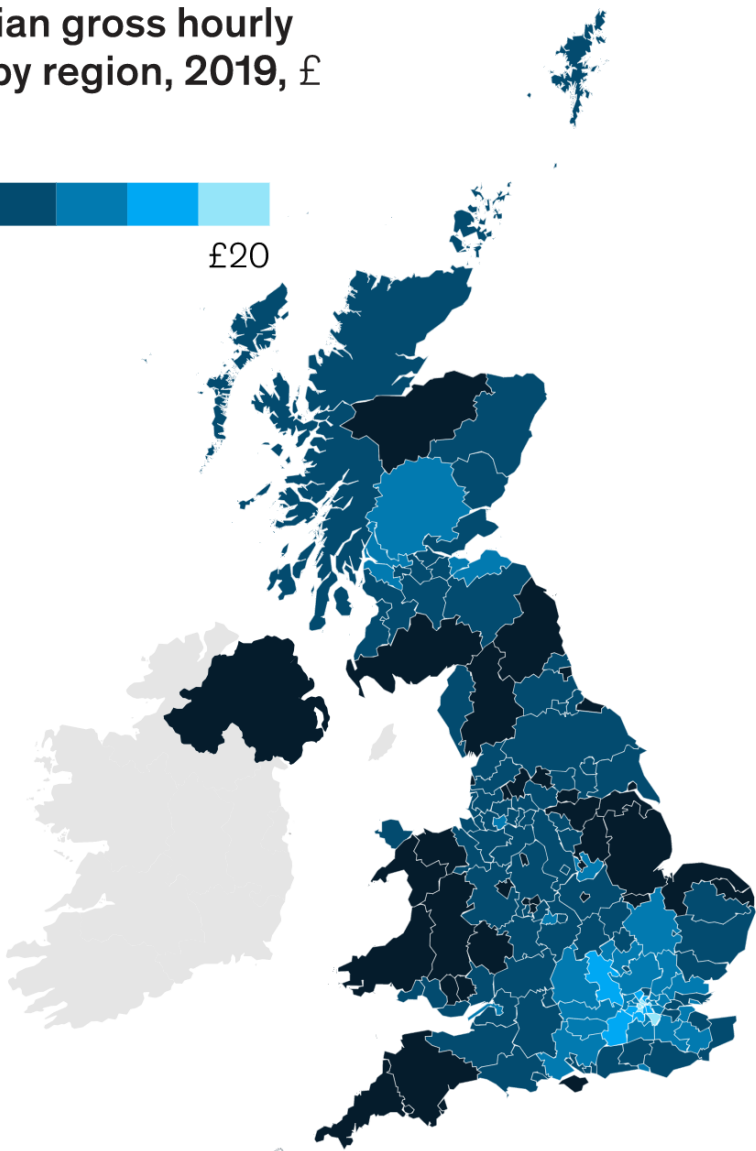
# THE ECONOMIC OUTLOOK HAS WORSEENED SINCE THE LAST MPC MEETING



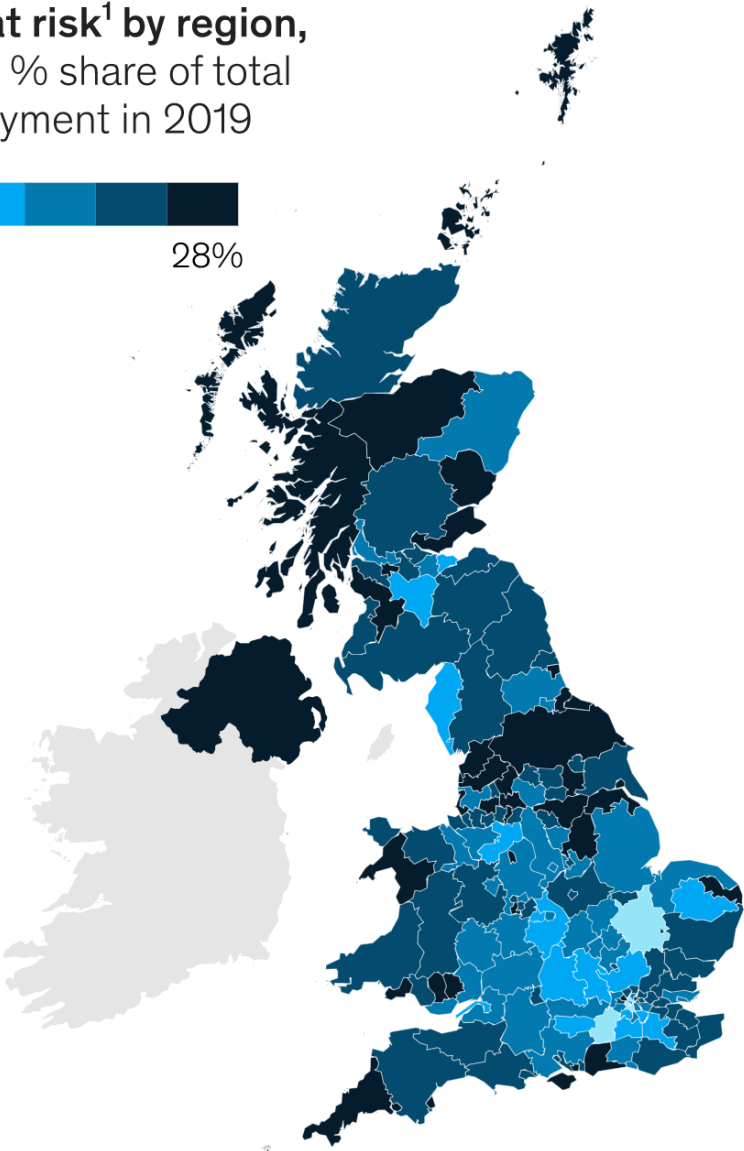


# LOWEST-INCOME REGIONS FACE THE BIGGEST CHALLENGES

Median gross hourly pay by region, 2019, £



Jobs at risk<sup>1</sup> by region, 2020, % share of total employment in 2019



# RETAILERS MADE THE BIGGEST CLAIM ON THE GOVERNMENT'S RESOURCES



Wholesale and  
retail:  
**£7.4bn**



Accommodation  
and food services:  
**£6.2bn**



Manufacturing:  
**£4.8bn**



Construction:  
**£3.5bn**



Transportation  
and storage:  
**£2.2bn**



Arts, entertainment  
and recreation:  
**£1.7bn**

# REDUNDANCIES AT HIGHEST LEVEL FOR 8 YEARS

Monthly total workers made redundant in the UK  
to August 2020



Source: Office for National Statistics

BBC

# DROP IN NUMBER OF JOBS IN OFFER

Total number of vacancies in the UK



Source: Office for National Statistics

BBC

# FINANCIAL BUSINESS SUPPORT



## £10K GRANT

A ONE-OFF GRANT FOR BUSINESSES WHO ARE ELIGIBLE FOR SMALL BUSINESS RATES RELIEF OR RURAL RATE RELIEF.



## £25K GRANT

AVAILABLE FOR RETAIL, HOSPITALITY AND LEISURE BUSINESSES WITH PROPERTY WITH A RATEABLE VALUE BETWEEN £15,000 AND £51,000.



## BUSINESS INTERRUPTION LOAN SCHEME

SUPPORTS SMALL AND MEDIUM-SIZED BUSINESSES WITH ACCESS TO LOANS, OVERDRAFTS, INVOICE FINANCE AND ASSET FINANCE OF UP TO £5 MILLION, AND FOR UP TO SIX YEARS.



## SELF-EMPLOYMENT INCOME SUPPORT SCHEME

A GRANT FOR SELF-EMPLOYED INDIVIDUALS OR PARTNERSHIPS, WORTH 80% OF THEIR PROFITS UP TO A CAP OF £2,500 PER MONTH.



## JOB RETENTION SCHEME

HMRC WILL PAY EMPLOYERS 80% OF THEIR EMPLOYEES USUAL WAGES, UP TO £2,500 A MONTH. CALL THE HELPLINE ON 0800 0159 599.

- <https://www.gov.uk/coronavirus/business-support>

Source: [www.svbs.co.uk](http://www.svbs.co.uk)

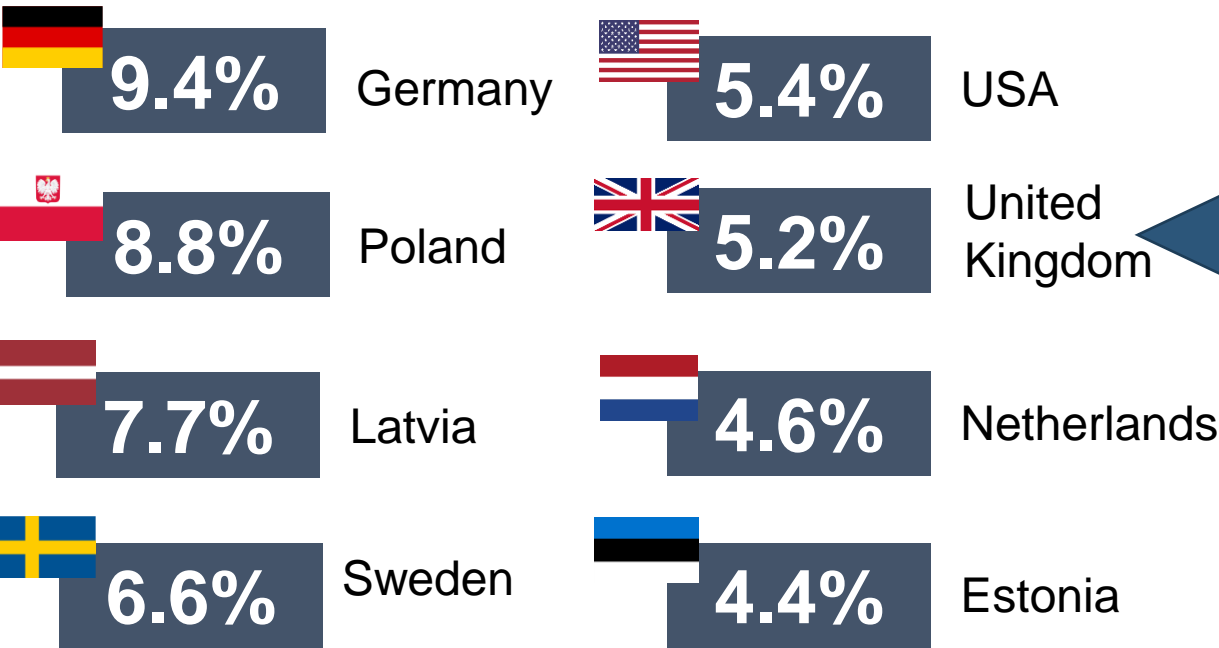


# TRADE AND INDUSTRY INFORMATION



# LITHUANIA'S TRADE

TOP export markets of Lithuanian goods, 2019



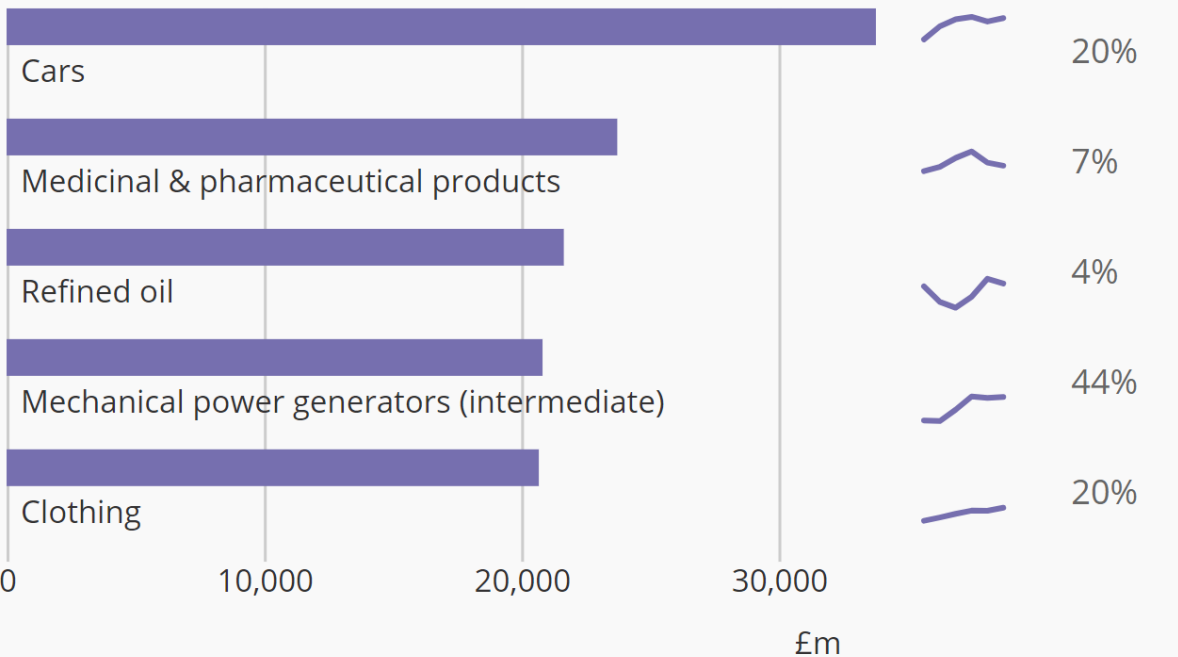
Exports of domestically produced goods to the United Kingdom, 2019

Goods	2019
	Value, mln. EUR
Total:	928.6
Furniture	213.0
Plastics	112.2
Fertilisers	80.0
Wood and its products	58.2
Other products	465.2

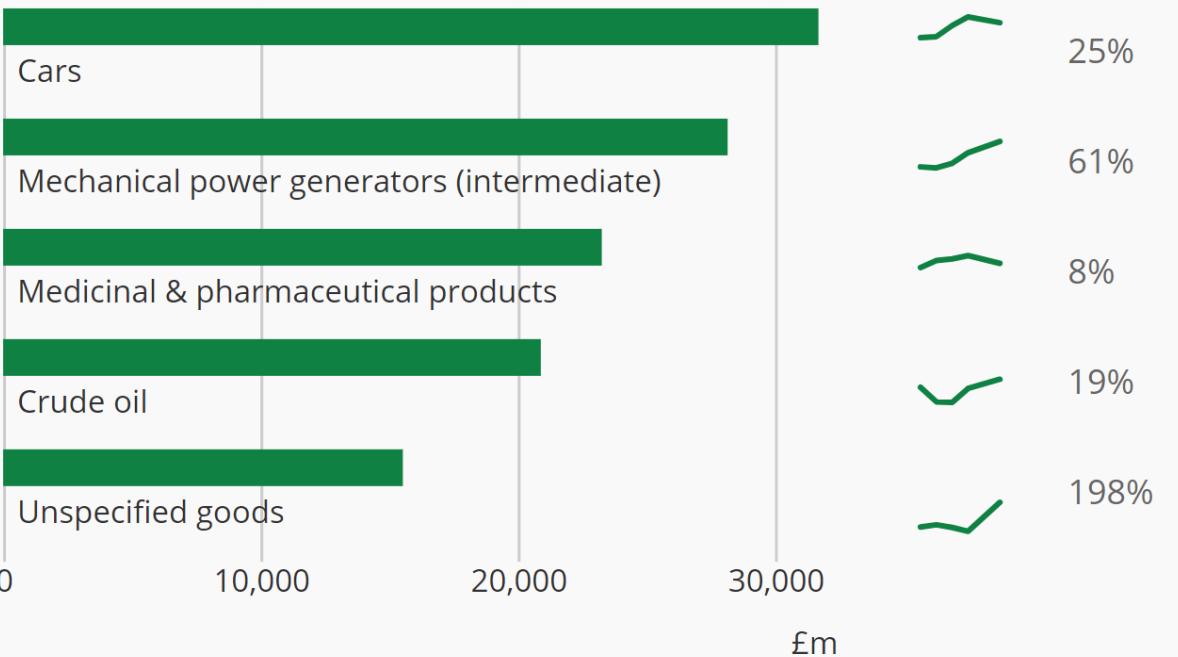
Source: Enterprise Lithuania, 2019

# UK TRADE IN GOODS 2019

Top 5 **imports** goods



Top 5 **exports** goods



Source: UK Trade Statistics, Office for National Statistics



# MANUFACTURING MONITOR – MAKE UK KEY FINDINGS



**51%**

of manufacturers currently have no staff furloughed

**26%**

believe they will achieve full operating levels by the start of 2021



**1/2**

have already made redundancies

**50%**

believe the UK will return to normal trading conditions in less than 12 months



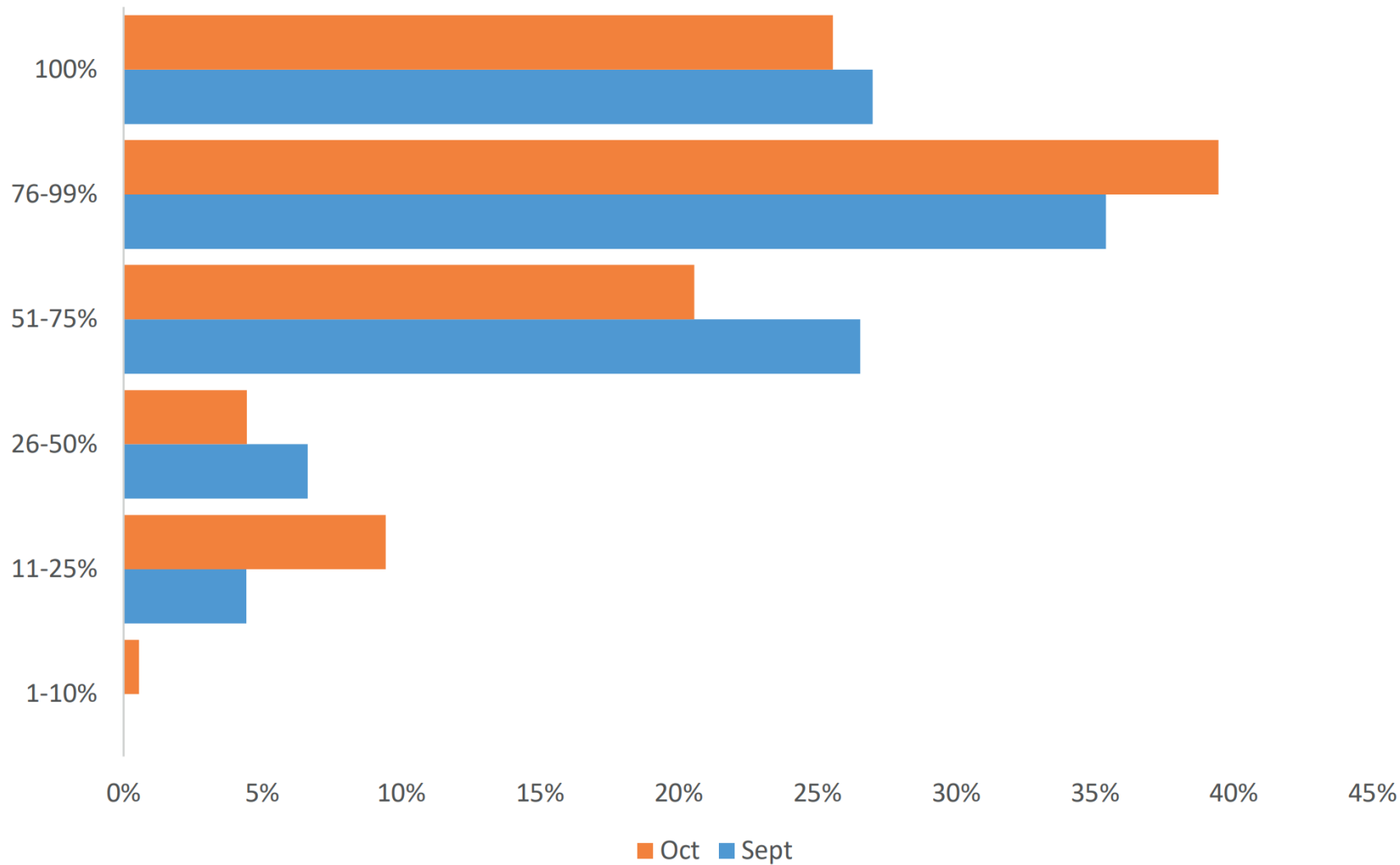
**1/5**

still planning further redundancies in the next 6 months

**58%**

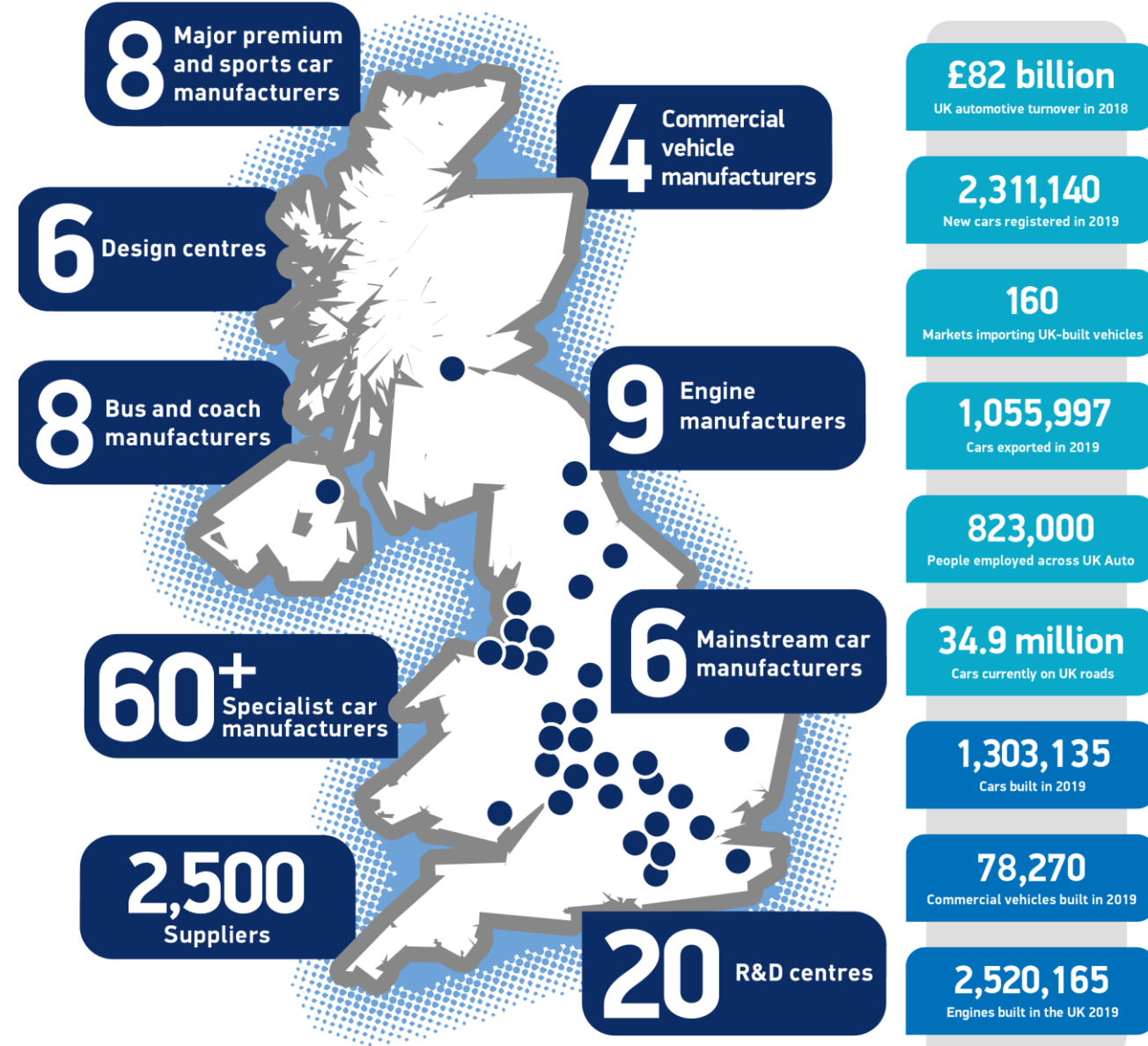
do not plan to use the JSS

# SHARE OF MANUFACTURERS OPERATING LEVELS EXPECTATIONS BY THE START OF 2021



# UK AUTOMOTIVE INDUSTRY

- Employs around **1 mln.** people
- **£82 billion** turnover
- It accounts for **14.4%** of total UK export of goods
- Invests **£3.75 billion** each year in automotive R&D
- More than **30 manufacturers** build in excess of **70 models** of vehicle in the UK supported by **2,500 component providers**



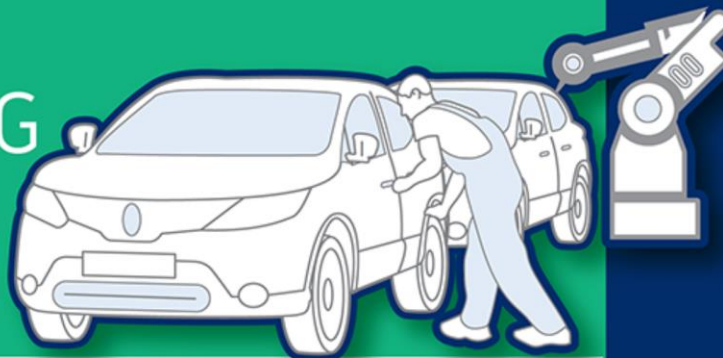
# UK CAR PRODUCTION FALLS -5.0% IN WORST SEPTEMBER SINCE 1995

SEPTEMBER 2020

NEW CAR MANUFACTURING  
**TOTAL: 114,732**

-5.0%

YEAR-ON-YEAR CHANGE



HOME



**27,199**



**+14.5%**

EXPORT



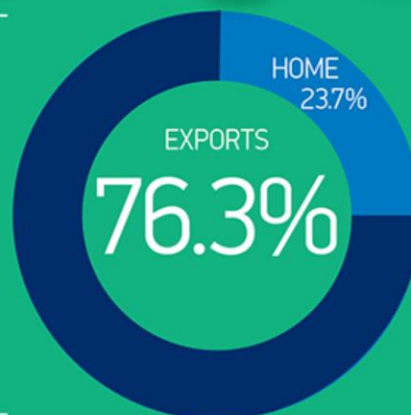
**87,533**



**-9.7%**

YEAR-ON-YEAR CHANGE

MARKET SHARE

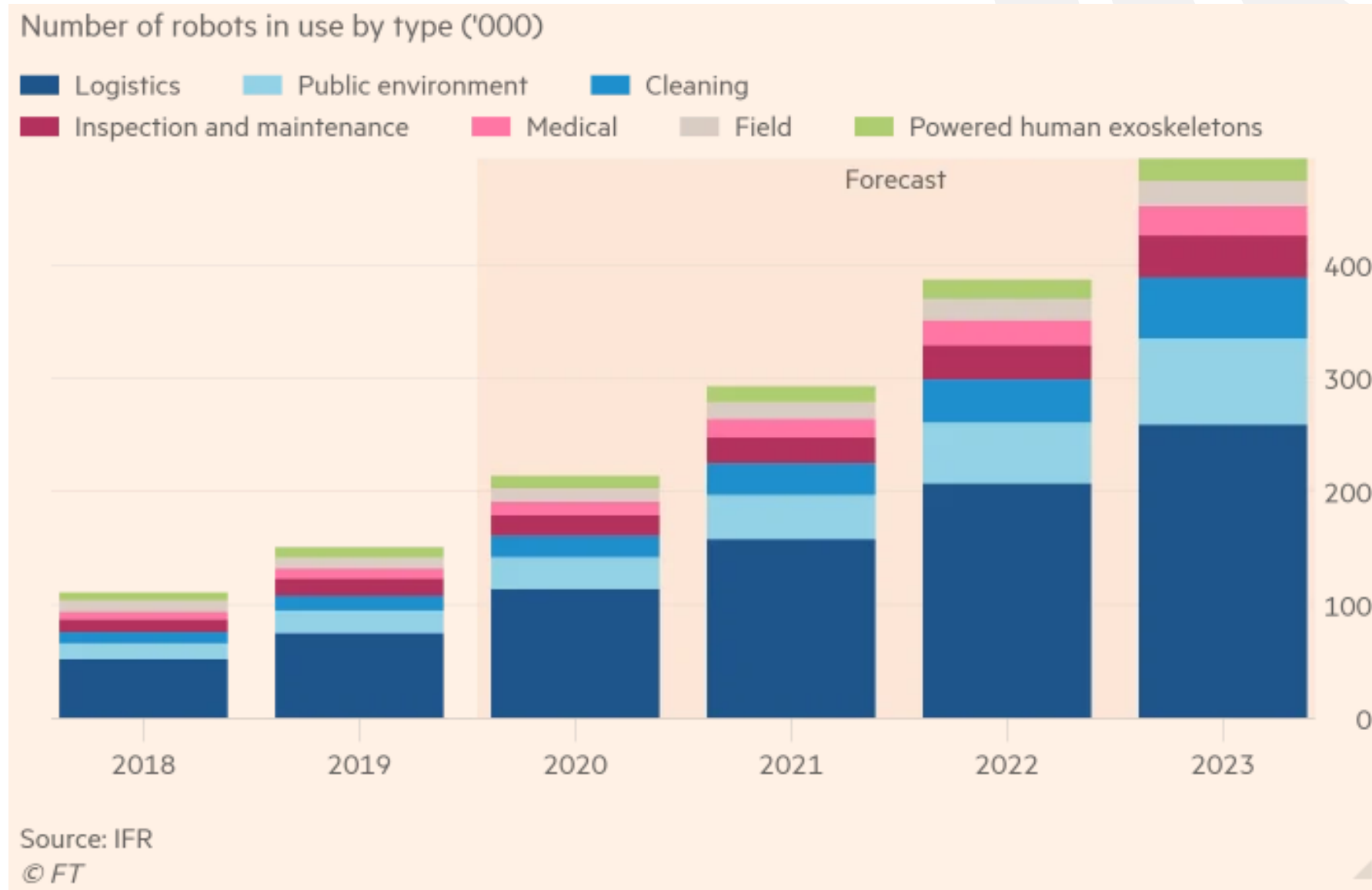


	Sep-19	Sep-20	% change
<b>Total</b>	120,729	114,732	-5.0%
<b>Home</b>	23,759	27,199	14.5%
<b>Export</b>	96,970	87,533	-9.7%
<b>% export</b>	80.3%	76.3%	
	YTD-19	YTD-20	% change
<b>Total</b>	987,642	632,824	-35.9%
<b>Home</b>	197,040	120,770	-38.7%
<b>Export</b>	790,602	512,054	-35.2%
<b>% export</b>	80.0%	80.9%	

# COMPANIES ARE TURNING TO TECHNOLOGY



# THE PANDEMIC BOOSTS AUTOMATION AND ROBOTICS





# THE PANDEMIC HAS ACCELERATED THE DIGITALIZATION OF BUSINESSES



# THE UK TRANSITION: TIME IS RUNNING OUT





# GET SOMEONE TO DEAL WITH CUSTOMS FOR YOU

- From 1 January 2021, businesses will need to make customs declarations when they import goods from the EU
- Most businesses use a customs agent.
- Customs agents:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/930599/list-of-customs-agents-23-Oct.csv/preview](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/930599/list-of-customs-agents-23-Oct.csv/preview)

## GET AN EORI NUMBER

- Businesses will not usually need an Economic Operators' Registration and Identification (EORI) number if you only:
  - provide services
- More information: <https://www.lrmuitine.it/web/guest/804>

## CE MARKING ► THE UKCA (UK CONFORMITY ASSESSED)

- The UKCA marking is a new UK product marking that will be used for goods being placed on the market in Great Britain (England, Wales and Scotland). It covers most goods which previously required the CE marking.



- The UKCA marking can be used from **1 January 2021**. However, to allow businesses time to adjust to the new requirements, you will still be able to use the CE marking until **1 January 2022** in most cases.

# GET READY FOR BREXIT

- [https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/getting-ready-end-transition-period\\_en](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/getting-ready-end-transition-period_en)

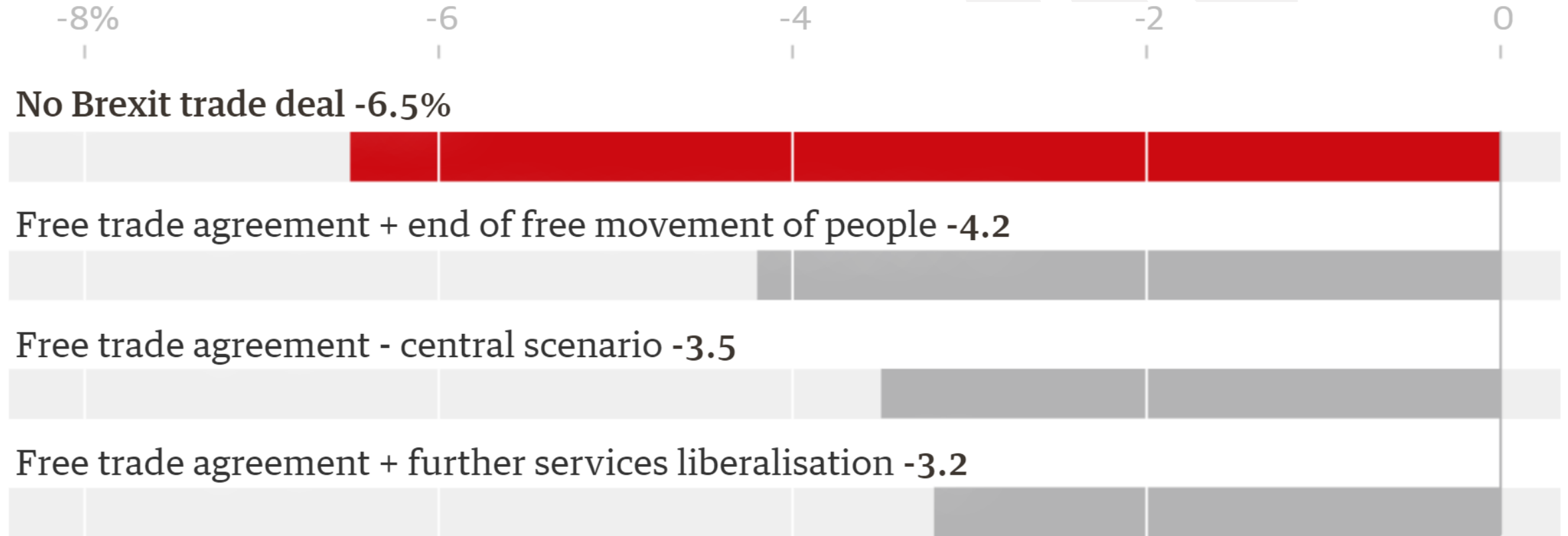


[https://ec.europa.eu/info/sites/info/files/brexit\\_files/info\\_site/na02205901tn\\_002.pdf](https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/na02205901tn_002.pdf)

# BREXIT WEBINAR

- Brexit webinars will outline the key issues Brexit presents and the practical steps to manage and reduce the impact on your business
- **18<sup>th</sup> November 2020**
- More details will be announced soon. Please follow information on <https://www.verslilietuva.lt/kalendorius/>

# FAILURE TO AGREE A BREXIT DEAL COULD DAMAGE THE UK ECONOMY BY UP TO 6.5%



Guardian graphic. Source: OECD UK Economic Survey 2020

**A FEW MORE THINGS...**



STARTING **NOVEMBER 1**,  
ALL TRAVELLERS FROM  
**LITHUANIA** ARRIVING IN  
THE UK WILL BE MADE TO  
**SELF-ISOLATE FOR 14 DAYS**



Source: PA/Metro



# DIRECT FLIGHT INFORMATION

The logo for airBaltic, featuring the word "airBaltic" in blue lowercase letters on a yellow rectangular background.

**airBaltic**

**Flights once a week**

The logo for Ryanair, featuring a yellow harp icon to the left of the word "RYANAIR" in blue uppercase letters.

**RYANAIR**

**Flights twice a week**

The logo for LOT Polish Airlines, featuring the words "POLISH AIRLINES" in small blue uppercase letters above the word "LOT" in large blue uppercase letters, with a white stylized airplane icon inside the "O".

**LOT**

**Resume flights from December 1**

The logo for Wizz Air, featuring the word "W!ZZ" in a stylized font with purple and pink colors.

**W!ZZ**

**Resume flights from December 14**

# Contracts Finder

Contracts Finder lets you search for information about contracts worth over £10,000 with the government and its agencies.

You can use Contracts Finder to:

- search for contract opportunities in different sectors
- find out what's coming up in the future
- look up details of previous tenders and contracts

You can create an account to get email updates and save your searches. You can still search and apply for contracts without an account.

**Start now >**

<https://www.gov.uk/contracts-finder>

# VIRTUAL MISSION AND B2B MEETINGS



Virtual mission will take place on December 3 and 4, 2020  
More information will be announced soon.

Please register: [leva.Valickaite@mfa.lt](mailto:leva.Valickaite@mfa.lt)



# THANK YOU

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LINKEDIN.COM/IN/MZAMZICKAS/

# APPENDIX

# ACCORDING TO MAKE UK (FORMERLY EEF), UK MANUFACTURING CURRENTLY:

- Employs 2.7 million people – earning an average of £32,500
- Contributes 11% of GVA
- Accounts for 45% of total exports – totalling £275bn
- Represents 69% of business research and development (R&D)
- Provides 13% of business investment
- <https://www.themanufacturer.com/uk-manufacturing-statistics/>

# BRITISH AEROSPACE AT A GLANCE

- 128,000+ direct jobs // 140,000 indirect jobs
- £31bn annual turnover
- 30% productivity growth in the past five years
- 39% growth since 2010
- 18% global market share – largest in Europe and second globally to the US
- 90% of turnover to export markets – worth £26bn
- Almost a decade's worth of work in hand, with an order book of more than 13,000 aircraft worth up to £195bn to the UK
- (Information courtesy of [www.adsgroup.org.uk](http://www.adsgroup.org.uk))

# BRITISH AUTOMOTIVE AT A GLANCE

- 169,000+ direct jobs // 78,000 employed across UK supply chain
- 25,000 new jobs to be created to cover the production of connected and autonomous vehicles
- 2,000+ automotive suppliers in the UK – including 18 of world's top 20
- £71.6bn annual turnover
- 80% of a vehicle can be manufactured in the UK
- Annually adds £12.4+bn to the UK economy
- Annually producing £34.3bn of exports – accounting for 12% of the UK's total export goods
- (Information courtesy of [www.smmt.co.uk](http://www.smmt.co.uk))



# BRITISH CHEMICAL & PHARMACEUTICAL AT A GLANCE

- 105,000 (Chemical) and 53,000 (Pharmaceutical) direct jobs // 500,000 indirect jobs
- 30,000 employed in related R&D (7,000 – Chemical, and 23,000 – Pharmaceutical)
- Annually adds £15.2bn to the UK economy
- Adds £60m to the UK balance of trade every day
- UK's largest manufacturing export sector (£24.7bn – Chemical and £20.7bn – Pharmaceutical)
- CIA members have a combined turnover of £50bn
- (Information courtesy of [www.cia.org.uk](http://www.cia.org.uk))

# BRITISH CONSTRUCTION AT A GLANCE

- 1m direct jobs // annually provides upwards of 80,000 new job opportunities
- Employs just under 200,000 women in the sector
- Annually adds £92bn+ to the UK economy – represents 6,4% of the total economic output
- 35+% of construction employees run their own companies
- More than a quarter of employers have recruited a school leaver in the past 2-3 years
- Almost 50% of employers in the building services engineering industry take part in the modern apprenticeship scheme
- (Information courtesy of [www.cic.org.uk](http://www.cic.org.uk))

# BRITISH DEFENCE AT A GLANCE

- 142,000 direct employees // Almost the same number in indirect jobs
- Employs 4,300+ apprentices and trainees
- £24bn annual turnover
- 18% growth since 2010
- The UK is the world's second biggest defence exporter behind the US, generating an average of £7,7bn for the UK every year
- 34% export growth between 2009 – 2013
- 9,000+ defence companies including SMEs exist in the UK
- BAE Systems – the UK's largest defence company – currently employs 40,000 domestically
- (Information courtesy of [www.adsgroup.org.uk](http://www.adsgroup.org.uk))

# BRITISH ELECTRONICS AT A GLANCE

- 800,000+ direct jobs
- £78bn annual turnover
- 95%+ of the sectors 6,000 businesses are SMEs
- UK Electronics is the world's fifth largest in terms of production
- 14 of the world's top 20 semiconductor companies have established design and/or manufacturing sites in the UK
- In semiconductors, almost 80% of the activity comes from foreign direct investment
- (Information courtesy of [www.techuk.org](http://www.techuk.org))

# BRITISH FOOD & DRINK AT A GLANCE

- 400,000 direct jobs – predicted to need almost 110,000 new recruits by 2022
- Annually adds £21.9bn to the UK economy
- Accounts for 16% of total UK manufacturing turnover – making it the largest sector
- Productivity has increased by 11% over the past five years
- 96% of the sector's 6,360 businesses are micro to medium-sized
- Exports worth £12.8bn a year – 77% of which go to the EU
- (Information courtesy of [www.fdf.org.uk](http://www.fdf.org.uk))

# BRITISH PLASTICS AT A GLANCE

- 170,000+ direct jobs
- £23.5bn annual turnover
- 6,200 companies in the sector
- 35% of manufactured plastics products exported – valued at £6.7bn
- 1.7m tonnes of plastics materials produced annually – 3.3m tonnes of plastics materials recycled
- (Information courtesy of [www.bpf.co.uk](http://www.bpf.co.uk))

# BRITISH STEEL AT A GLANCE

- 30,000 direct jobs
- 54% of UK Steel workers work in Yorkshire and the Humber, or Wales
- Annually adds £9.5bn to the UK economy
- Exports worth £4.9bn in 2013
- 1m tonnes of output in 2014
- The value of the industry has declined by almost a quarter (24%) since 1990
- More waste steel is recovered in the UK and recycled than all other materials combined
- Each tonne of scrap recycled by the industry saves 1.9 tonnes of iron ore and 0.6 tonnes of coal
- (Information courtesy of [www.eef.org.uk/uksteel](http://www.eef.org.uk/uksteel))



# BRITISH SPACE AT A GLANCE

- 34,000+ direct jobs // 72,000+ indirect jobs
- £11bn annual turnover
- Growing at more than 8% a year
- Exports worth ££4bn to the UK
- Achieved 27% growth since 2010
- Largest application is broadcasting, followed by telecommunications
- Services support disaster relief; telemedicine; navigation, and broadcasting
- (Information courtesy of [www.adsgroup.org.uk](http://www.adsgroup.org.uk))