



# Department for International Trade



Department for  
International Trade

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Accessing Global Market Opportunities: DIT's Role in Promoting Exports and Attracting Inward Investment to Aid the Growth of the UK Offsite Construction Sector



**Trade Support to access overseas markets via our vast diplomatic network and support for foreign direct investors seeking opportunities in the UK**

DIT role:

- **Building the global appetite** for British goods and services
- Using **policy, promotion and financial expertise** to help businesses succeed in international markets
- Creating a **Trade policy framework** for the UK
- **Promoting British trade and investment across the world**, providing tailored support and advice for businesses of all sizes

Organised into the following directorates:

- International Trade and Investment (ITI)
- Trade Policy Group (TPG)
- UK Export Finance (UKEF)

● RIGHT NOW

# THE WORLD WANTS UK GOODS AND SERVICES

There are millions of people across the world looking for your skills, expertise, goods and services.

The demand is out there. You should be too.



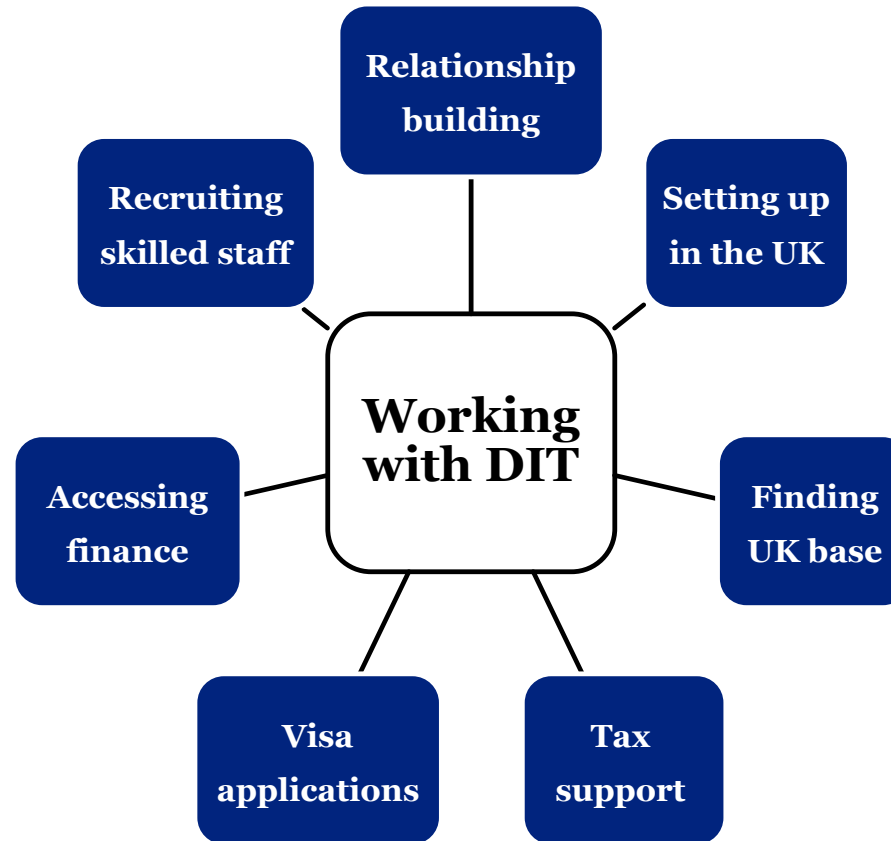
Visit [great.gov.uk](https://great.gov.uk) to further explore the potential of exporting with guidance, services and support from the Department for International Trade.



# WORKING WITH DIT – INTERNATIONAL INWARD INVESTORS

## DIT and regional partners offer free, confidential and tailored support in a number of key areas:

- Links with centres of excellence (e.g. universities);
- Information on tax, regulatory and business planning issues;
- Information on financial incentives;
- Information on staff recruitment, retention and training programmes;
- Assistance with immigration issues;
- Site and property search assistance;
- Building key contacts;
- Aftercare through on-going support



“DIT provides dedicated, professional assistance on all aspects of locating a new business in the UK or expanding existing facilities”

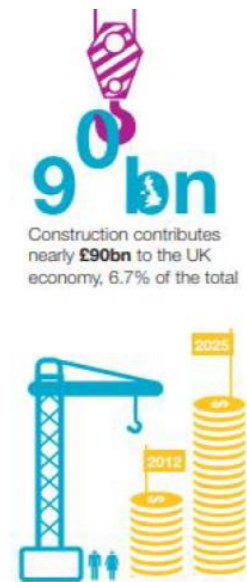
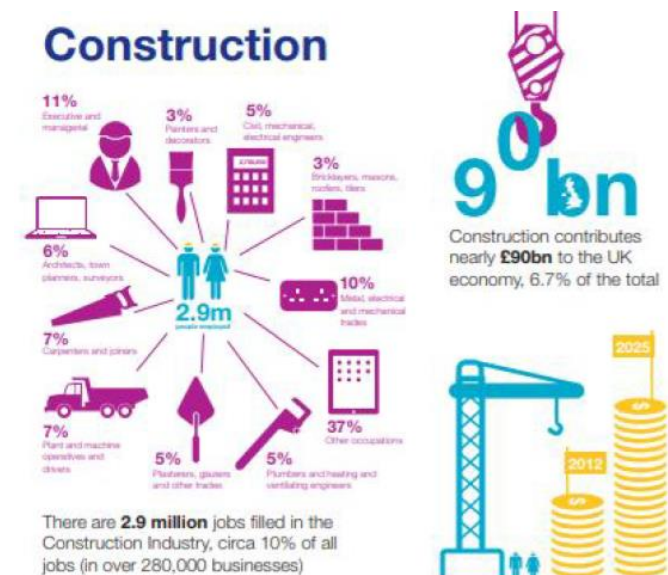
“DIT can help your company to take advantage of new business opportunities and branch out to new locations”



# Construction: Strategic Importance

The Construction sector is at the heart of ensuring that the UK Government meets its economic growth and social objectives.

- Construction - one of the largest sectors in the UK economy
- Turnover of £370 billion
- £138 billion in gross value added
- Employing 2.9 million people (9% of the total UK workforce)
- 296,000 firms operate in the UK construction sector
- Key player in global growth – estimated 85% growth and \$15.5 trillion construction global output by 2030



The **UK has the sixth largest green construction sector in the world**. Around 60,000 jobs are expected to be supported by the insulation sector alone by 2015



# Strategic Challenges and Megatrends

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- Industry convergence – economic infrastructure becoming a fusion of energy, transport and technology sectors
- Smart Infrastructure
- Climate resilient/sustainable infrastructure
- Potential disruptive technologies: Internet of things, artificial intelligence. 3D printing, drones, blockchain.....
- New entrants and business models
- Financing mechanisms
- Productivity
- Profitability
- Labour Shortages
- Regional/cross border growth initiatives facilitated by infrastructure projects – Belt and Road





# Future Implications?

## 50 per cent of all construction projects worldwide will include modular content by 2022

- Modular construction market will grow from \$92.18 billion in 2018 to \$129.67 billion by 2023, at a CAGR of 7.1 per cent
- 1132 FDI projects in the Construction sector globally over the last five years. 1 million jobs (1,217,392) \$400 billion in invested capital.
- 257 UK creating 16,148 jobs
- Nine of the UK top twenty construction firms have overseas ownership
- China \$2.3 trillion pa construction market – 7000 prefabrication firms?
- US – lead in smart home technology?
- Europe: Sweden 84% prefabricated elements, Netherlands 20%
- Japan – ageing workforce, declining population but only built 14% fewer homes than the USA since 1992.





# Offsite Construction

**The UK Government has announced a new Construction Sector Deal, which includes a strategic focus on offsite construction.**

- 33 per cent reduction in the cost of construction and the whole life cost of assets
- 50 per cent reduction in the time taken from inception to completion of new build
- 50 per cent reduction in greenhouse gas emissions in the built environment
- 50 per cent reduction in the trade gap between total exports and total imports of construction materials
- 15-20 per cent of construction in the UK now employs offsite techniques, up from 6-7 per cent in the early 2000s. CITB revealed that 49 per cent of construction clients expected OSC to increase over the next five years
- Global construction sector was worth \$10.6 trillion in 2017 forecast to rise to \$12.7 trillion annually by 2021. 40 years - expected global build 230 billion square metres



# Offsite Construction – Key Policies

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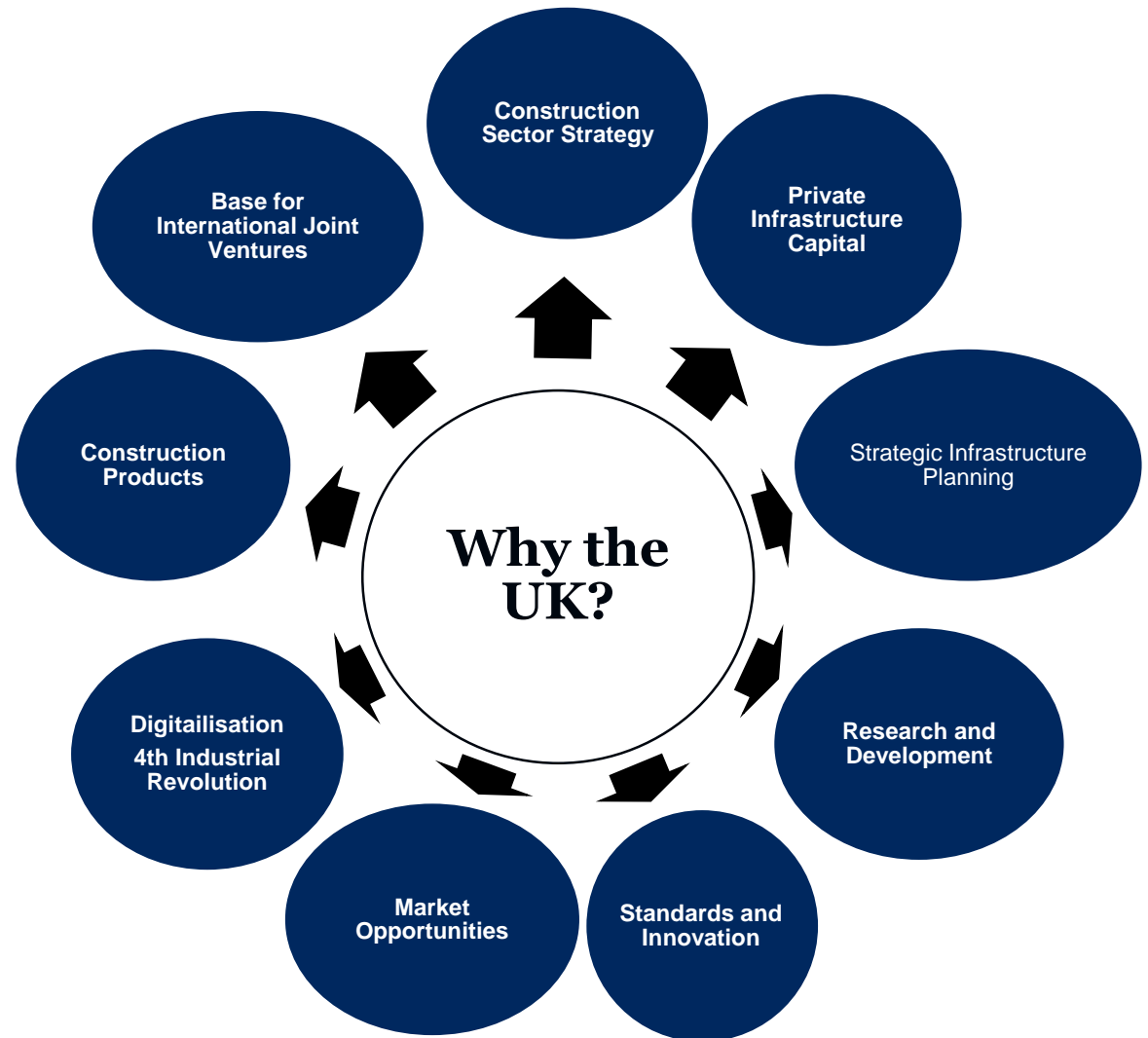
- £170 million pledge (matched by £250 million from industry) through Industrial Strategy Challenge Fund for adoption of digital and manufacturing technologies
- New apprenticeship standards and increase number of apprenticeships to 25,000 by 2020 /Reformed Construction Industry Training Board (CITB)
- New National Retraining Scheme with £64 million investment for digital and construction training
- Invest £34 million to scale up innovative training models
- Public Procurement : Government National Infrastructure and Construction Pipeline with more than £460 billion of planned infrastructure investment
- Government departments to adopt a presumption in favour of OSC
- Trade - Provide government-to-government support for UK project consortia supported by Infrastructure Exports
- Support the Centre for Digital Built Britain - UK BIM standards overseas.



# Why the UK?

## The UK:

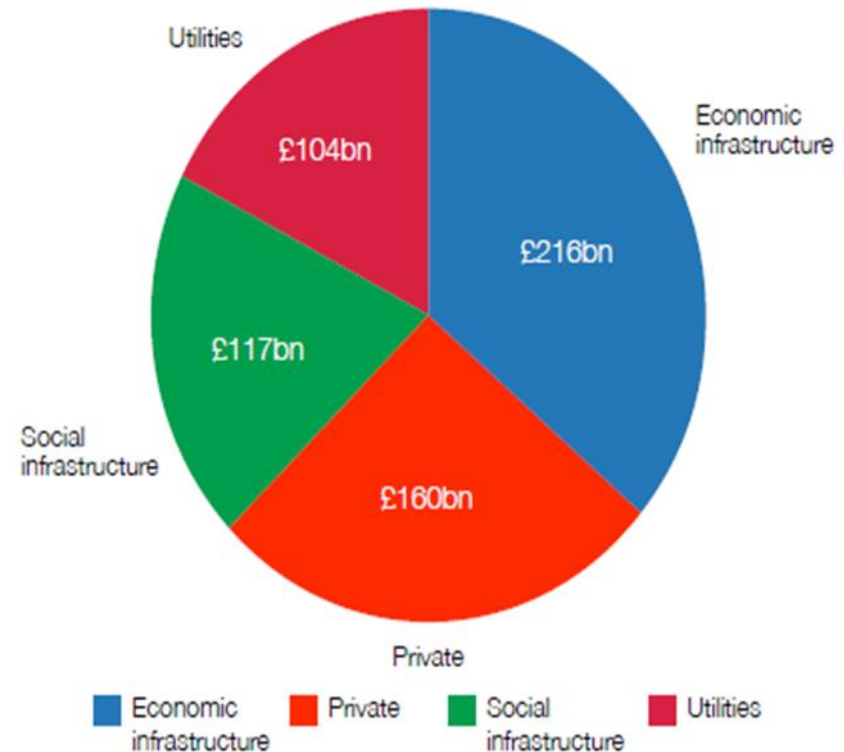
- attracts more foreign investment than any other European country
- Is one of the easiest European has a stable and transparent political, legal and regulatory environment
- has fair and open public procurement procedures
- has an innovative approach to reducing regulatory burdens
- has a well-educated workforce and a globally competitive higher education system





# Market Opportunities - Infrastructure

- An estimated **£600 billion** is planned to be invested in the construction of UK infrastructure to 2030 and for each £1 billion of investment, UK GDP increases by £1.3 billion.
- The National Infrastructure and Government Construction pipeline sets out over £460 billion of planned investment, of which over £240 billion will occur in the next four years.





# Market Opportunities

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## The UK is pioneering strategies to transform the construction sector to meet the challenges of the 21st Century

- Modern Methods of Construction
- Government National Infrastructure and Construction Pipeline with more than £600 billion of planned infrastructure investment
- Government departments to adopt a presumption in favour of OSC in public procurement where it represents value for money by 2019.
- Energy Efficiency £6bn pa savings by 2030
- Circular Economy – estimated addition of £3-5bn to UK GDP pa by 2036 via the use of waste reduction techniques
- Policy framework for climate change mitigation risks: The UK needs to mitigate climate change by reducing greenhouse gases to 80% below 1990 levels by 2050 as required by the Climate Change Act (2008).
- Technology -Smart City global market £200 billion pa by 2030.



# Why the UK for R&D?

## UK innovation: the headlines



The highest rated major economy in the Global Innovation Index



Over half of business R&D expenditure in the UK is by foreign-owned businesses



Collaboration between universities and business rated as the most effective among Europe's major economies



Highest research productivity among the top research nations



Highest proportion of the workforce in knowledge-intensive jobs in the G20



Ranked ahead of all of our major competitors for the quality and security of our intellectual property system

- The UK has world-class universities and research institutes leading R&D in technologies that will shape the future of the construction sector including:
  - 3D Visualisation technologies
  - Advanced Enterprise Resource Planning and BIM systems
  - Manufacturing Control Software
  - High Performance Computing, Big Data Analysis and Cloud Services Deployment models
- Catapult Programme: Centre for Digital Built Britain, High Value Manufacturing, Future Cities
- Centres of Excellence



## British Business Bank

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**£3.9 billion** of business-friendly finance

Government funds to create more efficient funding to small and medium sized enterprises.

## UK Export Finance

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**Insurance, bonds and guarantees** to the UK business's existing banks to **share the risks** of providing export finance  
**Loans** to **overseas buyers** of goods and services from UK businesses.

## Local Enterprise Partnerships

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39 LEPs across England communicate what **funding** is available to support economic development in their locality.





# Investor Support

## Competitive Tax Regime

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- The UK's **corporation tax rate of 19%** is the lowest in the G7 and joint lowest in the G20 and will **fall to 17% by 2020**

**We will continue to support investors and create an environment that will help businesses to grow and prosper both in the UK and on the world stage**

## Strong Infrastructure

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- The UK has the **best superfast broadband coverage** of any major European economy
- The UK has a **large, integrated transport system**, which includes the second largest ports industry, and the largest air transport system in Europe

## R&D and Entrepreneur Support

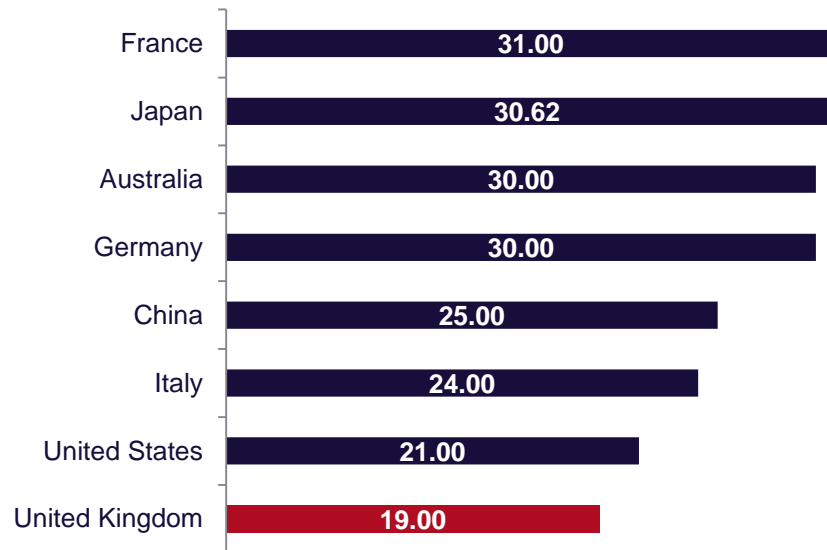
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- The **Patent Box** will continue to give a **10% rate of corporation tax on profits** that are earned in the UK from patents and IP
- The UK will **continue to actively welcome entrepreneurs** and has visas for those who wish to invest in the UK and their families

# Lowest corporation tax rate in the G20



G20 Corporation Tax Comparison 2019 in %



The UK has the lowest Corporation Tax rate in the G20.

In 2020 the UK will match Singapore's rate by dropping to 17%.

No withholding tax on dividends.



# Exports

- The UK has the **5<sup>th</sup> Largest** economy in the world , with a GDP of \$2.85 trillion
- The UK imports circa **£312 billion** of goods and services from the EU annually
- **56%** of the UK's exported goods and services are traded with non-EU countries
- UK Total Exports (including construction) in 2016 **\$698bn**
- UK Construction Exports 2016 **\$25bn** (4% total of UK exports)
- UK Construction Exports as % of GDP **0.95%**
- The Offsite Construction market has been led by the Asia-Pacific region, with a **46.3%** share, followed by North America with share of **27.6%**.
- UK Construction Exports 2016 as a % of global Infra spend - **0.5%** (**\$25bn**)
- Maintaining 0.5% @ **9Tr** construction exports need to raise from **\$25bn** to **\$45bn**



## Investment

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