

US INVESTORS ARE CONFIDENT IN THE UK, BUT CONCERNS OVER FUTURE UK-EU RELATIONS PERSIST

A new survey published today by BritishAmerican Business and Bain & Company finds that business confidence is high for US companies in the UK, but future confidence may largely depend on the UK's relationship with the EU.

LONDON – July, 12, 2021 – Today, BritishAmerican Business and Bain & Company launched the inaugural Transatlantic Confidence Index. The Index measures the confidence of US companies active in the UK, including their views on investing in UK operations over the next two to three years and in the overall health of the UK's relationship with both the US and the EU.

BritishAmerican Business and Bain & Company surveyed 68 large cap American companies representing a combined 3,500 years of business experience and employing more than 275,000 individuals across every region of the UK.

The report can be found [here](#), and the full analysis can be accessed [here](#).

US companies expressed very high confidence in the UK as a destination for business, with a positive outlook for future investment despite the challenges of the Covid-19 pandemic and the uncertainty surrounding the country's exit from the EU. However, the survey results also reveal that many executives are concerned about the current state of UK-EU relations. They worry political tensions and practical matters such as supply chain problems and the ability to access talent from the EU could overshadow the outlook for the future.

Among the key findings of the survey:

- About one-third of respondents rated their confidence at level 9 or 10
- About 60% of respondents plan to increase their investment in the UK over the next two to three years
- Nearly 40% of all surveyed companies said the UK's number one priority should be improving the political and economic relationship with the EU if they want the UK to maintain its top ranking as a destination for US investment
- Almost 80% of respondents reported a confidence score for the UK-EU relationship of 6 or lower, compared with only 20% for the UK-US relationship
- Only 17% of all US companies surveyed reported relocating jobs to the EU so far.

Respondents rated overall confidence in the UK a 7.8 on a 10-point scale and identified the country's most important assets such as the UK's stable and predictable regulatory environment, its openness when attracting talent from abroad, and its strong academic and R&D records. Despite difficulties around the UK-EU relationship, which are impacting supply chain logistics and access to talent, about 60% of respondents said they planned to increase investments in the UK over the next two to three years.

Asked what they would recommend for the UK to maintain its top ranking as a destination for US business, companies highlighted improving the political and economic relationship with the EU. The second most important priority was finalising negotiations for the US-UK Free Trade Agreement, which have currently been put on hold. Other top recommendations for the UK Government included providing greater clarity around its industrial strategy and maintaining a business-friendly corporate tax environment.

"The UK is very well-positioned to continue to attract companies from the US and from around the globe" says Duncan Edwards, Chief Executive of BritishAmerican Business. "But this positive outlook will be enhanced by a comprehensive trade deal with the US, a more positive political and trading relationship with the EU, and more business-friendly domestic policies."

Respondents viewed the health of the US-UK trade and investment corridor favourably, rating it on average a 7 out of 10, which should improve in the event of a trade agreement. However, that confidence level drops to 5 when discussing the UK-EU relationship.

Respondents assessed the largest impact of the UK's exit from the EU to be on supply chains because of 'red tape' issues, followed closely by the ability to recruit and move talent between the UK and the EU. Regulatory barriers, loss of ability to perform certain services in the EU, and tariffs rounded out the list of impacts.

"It is encouraging to see that US businesses still value the UK as hub for innovation," says Jonathan Frick, a partner at Bain & Company based in London. "Overall, US investors have maintained the majority of their workforces since the country's exit from the EU and in particular, financial services firms believe the City will remain a hub for the business community with a broad and diverse talent pool."

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About BritishAmerican Business

BritishAmerican Business is the leading transatlantic trade association incorporating the British-American Chamber of Commerce in the US and the American Chamber of Commerce in the UK.

We are committed to strengthening the economic corridor between the United States and the United Kingdom by supporting policies and action that protect and enhance the environment for transatlantic trade and investment.

We convene and serve a growing network of companies and business leaders through networking opportunities, bespoke programming and marketing platforms.

We actively promote trade and investment and support those who make the transatlantic corridor part of their business growth ambition.

For more information, please visit www.babinc.org

About Bain & Company

Bain & Company is a global consultancy that helps the world's most ambitious change makers define the future.

Across 61 offices in 38 countries, we work alongside our clients as one team with a shared ambition to achieve extraordinary results, outperform the competition, and redefine industries. We complement our tailored, integrated expertise with a vibrant ecosystem of digital innovators to deliver better, faster, and more enduring outcomes. Our 10-year commitment to invest more than \$1 billion in pro bono services brings our talent, expertise, and insight to organizations tackling today's urgent challenges in education, racial equity, social justice, economic development, and the environment. We earned a gold rating from EcoVadis, the leading platform for environmental, social, and ethical performance ratings for global supply chains, putting us in the top 2% among other consulting firms. Since our founding in 1973, we have measured our success by the success of our clients, and we proudly maintain the highest level of client advocacy in the industry.

