UK ECONOMIC OUTLOOK

MANTAS ZAMZICKAS
COMMERCIAL ATTACHE TO THE UK
8 JULY 2020

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TODAY'S CONTENT

- UK ECONOMY
- BREXIT
- FLIGHTS
- OPPORTUNITIES

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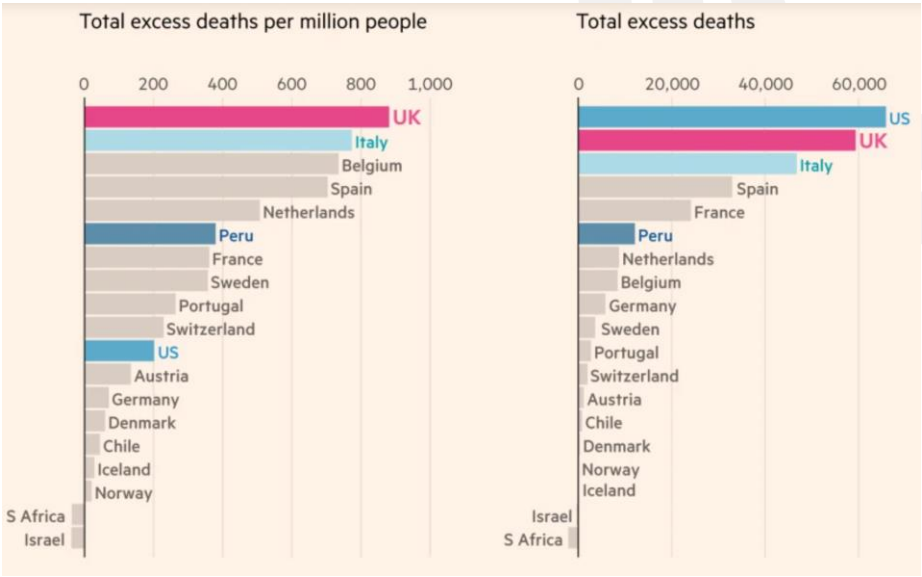
THE UK HAS THE HIGHEST DEATH RATE FROM COVID 19



Source: Financial Times analysis of mortality level // May 28, 2020

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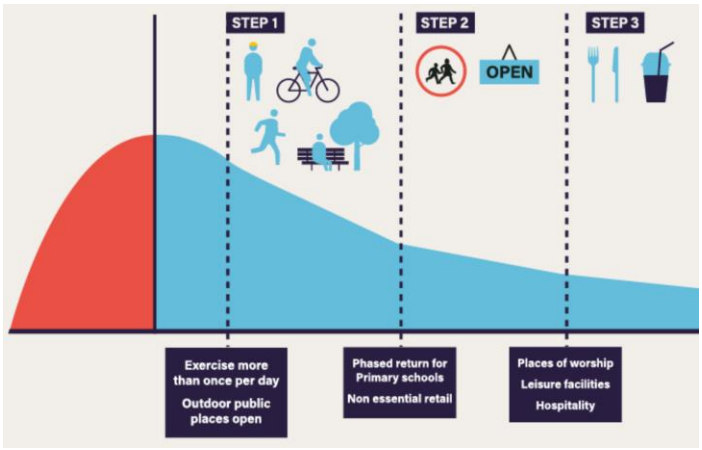
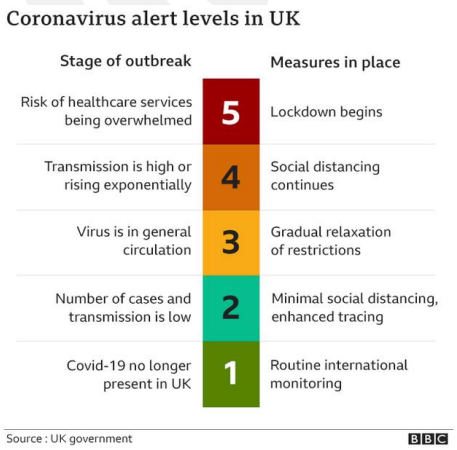
HOW DOES THE COVID-19 ALERT LEVEL SYSTEM WORK?





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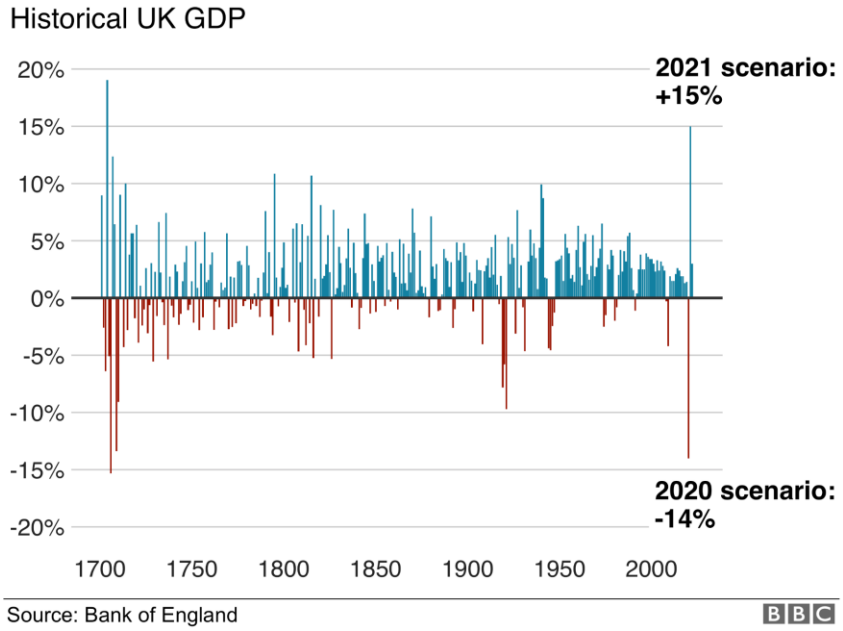
UK FACING SHARPEST DOWNTURN SINCE 1706



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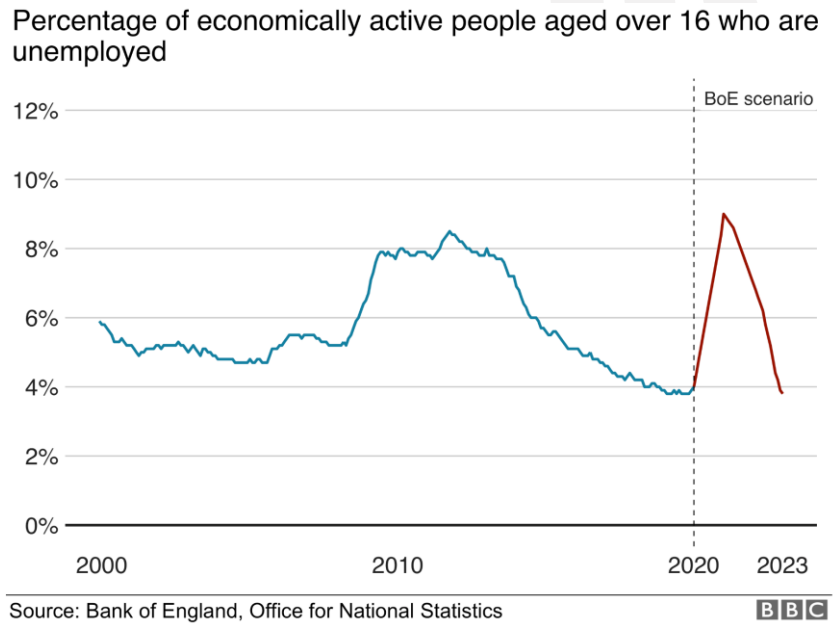
UNEMPLOYMENT LEVEL ON COURSE TO RISE ABOVE 9%



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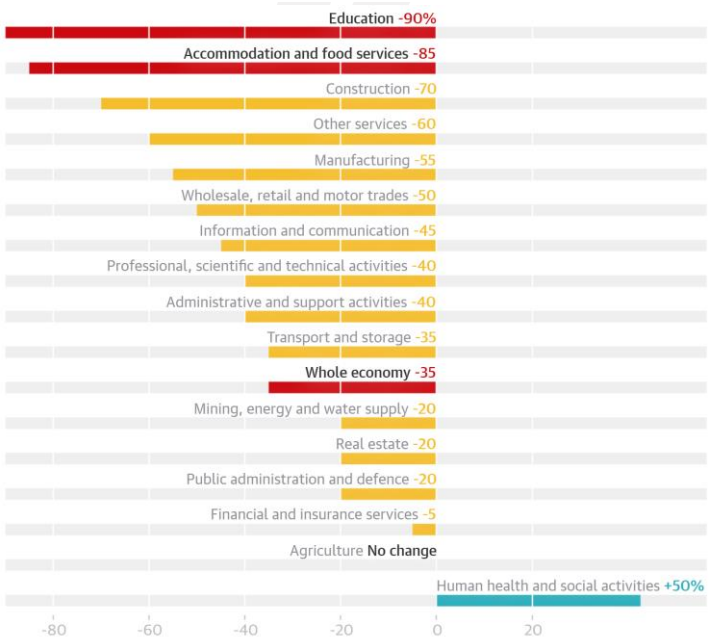
EDUCATION HIT HARDEST



Guardian graphic. Source: OBR

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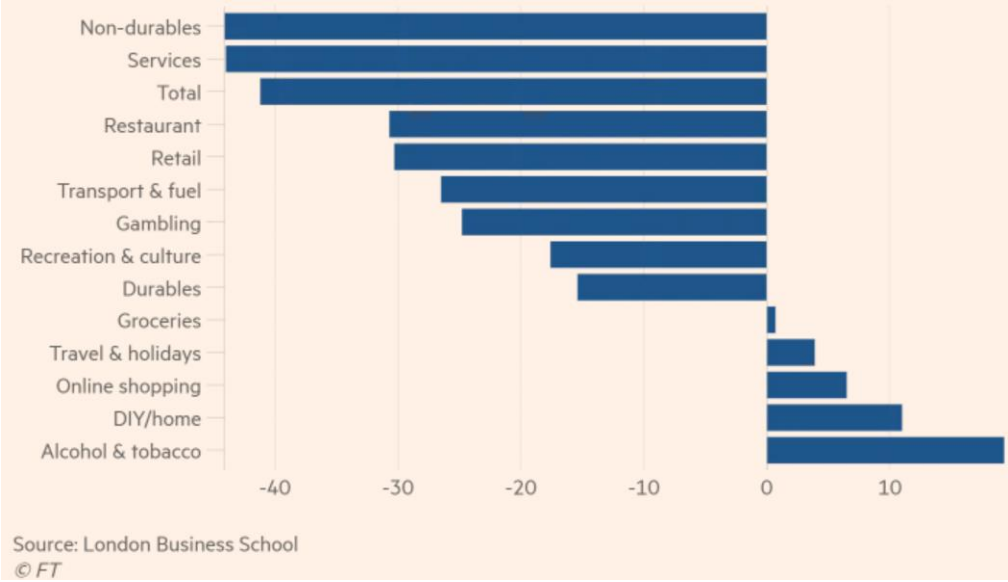
HOUSEHOLD SPENDING DROPPED MORE THAN 40% IN APRIL



Source: London Business School
© FT

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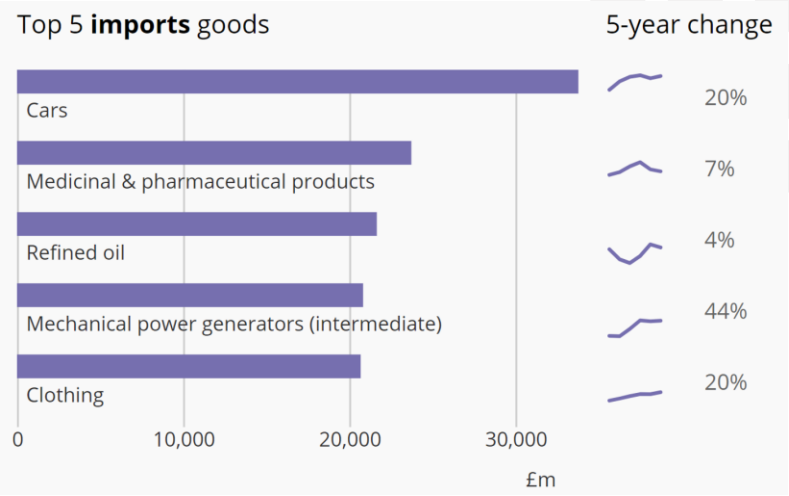
UK TRADE IN GOODS 2019



Source: UK Trade Statistics, Office for National Statistics

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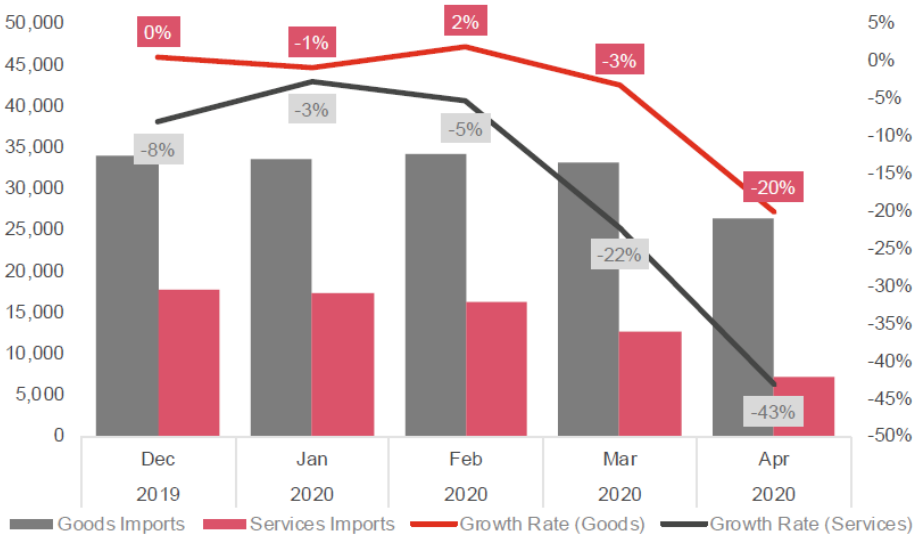
UK GOODS AND SERVICES IMPORT VOLUMES (£M) AND MONTH-ON-MONTH GROWTH RATE



Source: PwC Covid 19 UK Economic Update // 24 June 2020

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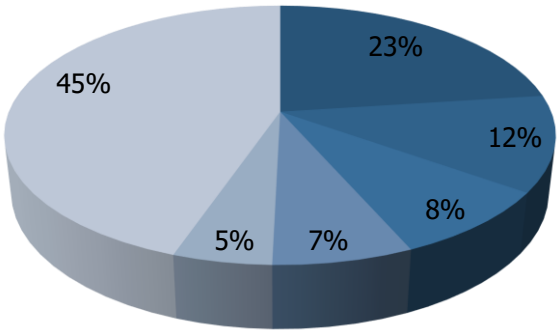
EXPORTS OF GOODS OF LITHUANIAN ORIGIN TO THE UK IN 2019



- Furniture
- Plastics
- Fertilizers
- Wood and articles of wood, charcoal
- Animal food, food waste
- Other products

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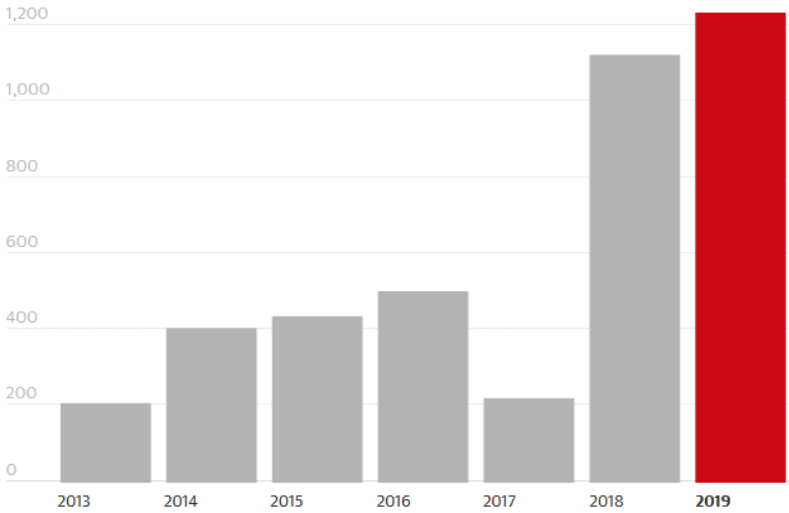
HIGH STREET STORE CLOSURES SOAR



Guardian graphic. Source: Local Data Company. *Net loss of 'multiple' retailers (five or more stores) across the top 500 GB town centres, 1 January to 1 July 2019

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IS THE UK ECONOMY SHOWS EARLY SIGNS OF IMPROVEMENT?

Image: REUTERS/Aly Song

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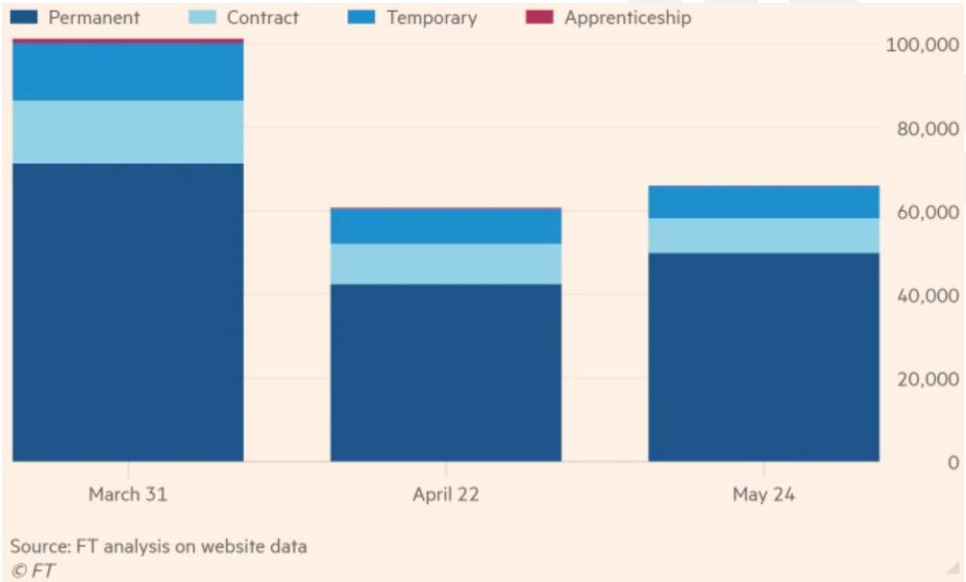
JOB VACANCIES ON THE RISE



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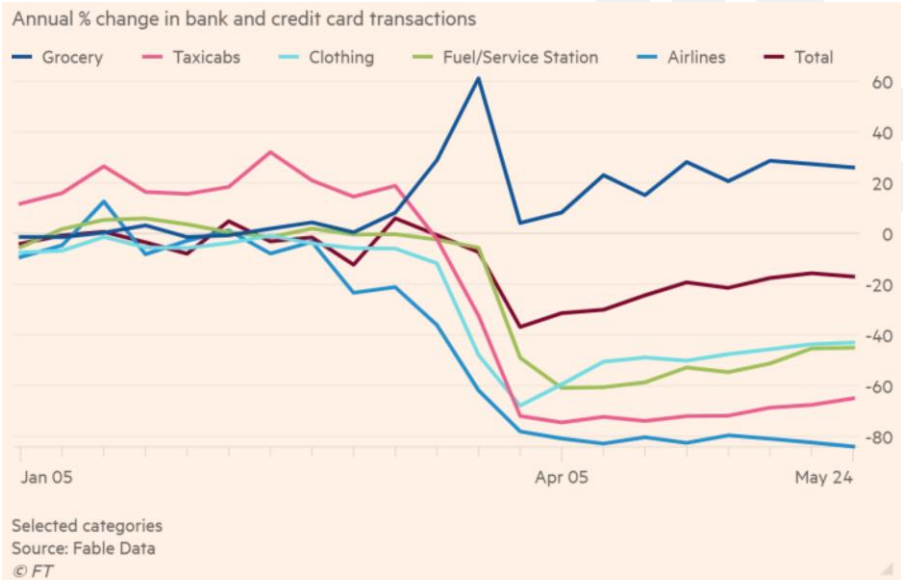
SPENDING DOWNTURN EASES



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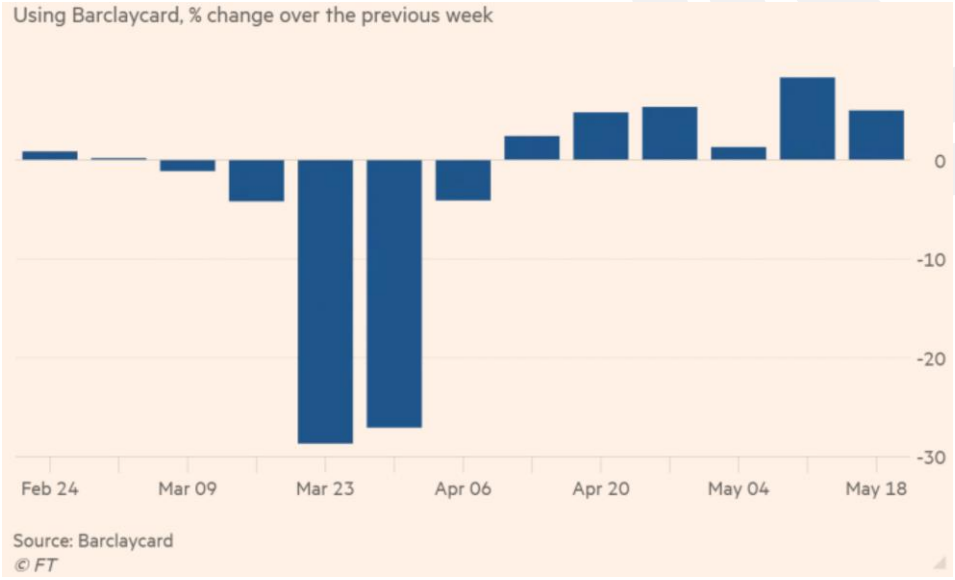
THE NUMBER OF UK SMES PROCESSING PAYMENTS HAS INCREASED



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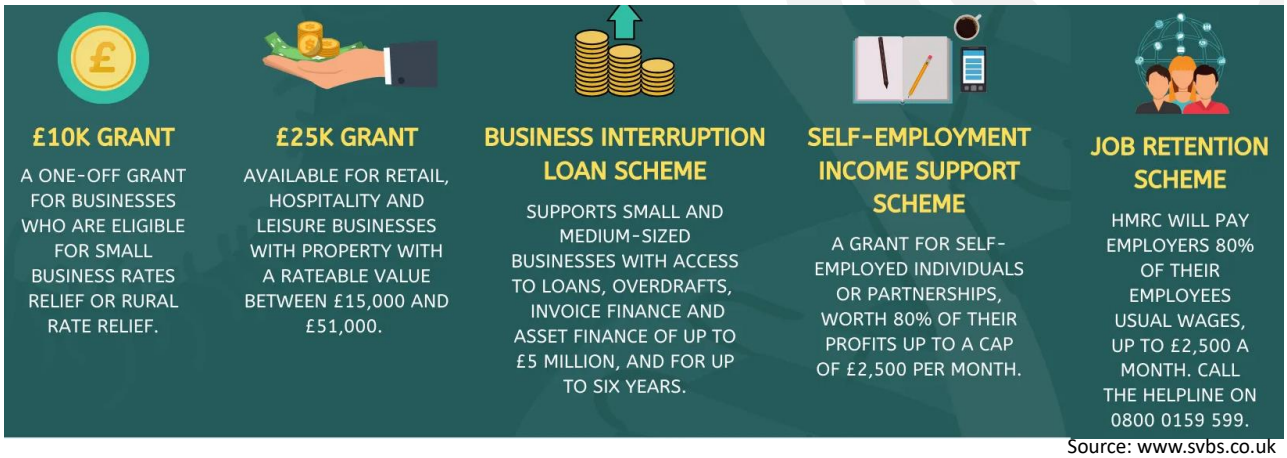
FINANCIAL BUSINESS SUPPORT (1)



Source: www.svbs.co.uk

- https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19

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OTHER INCENTIVES TO SUPPORT HARDEST HIT BUSINESSES

- Government considers introducing special vouchers for all UK adults (worth £500) and children (worth £250) to spend in Covid-hit firms
- Hundreds of thousands of homeowners will receive vouchers of up to £5,000 for energy-saving home improvements, with the poorest getting up to £10,000

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FROM 10 JULY 2020 PASSENGERS ARRIVING FROM **LITHUANIA** **WILL NOT BE REQUIRED** TO SELF-ISOLATE FOR 14 DAYS ON ARRIVAL INTO ENGLAND

More info: https://www.gov.uk/guidance/coronavirus-covid-19-travel-corridors#travel-corridors-countries-and-territories-exemption-list

Source: PA/Metro

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Resume 40% of flights from July 1

Some international flights from July 1

"Meaningful return to service" in July

Already resumed a selected number of flights

Flights from Vilnius to London Gatwick from June

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BREXIT PROCESS

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BREXIT PROCESS

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POST BREXIT TRADE

- NI will continue to follow EU rules on agricultural and manufactured goods, while the rest of the UK will not
- The whole of the UK will leave the EU's customs union but Northern Ireland will continue to enforce the EU's customs code at its ports

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THE IMPORTANCE OF CERTIFICATION

FSC

BRC FOOD CERTIFICATED

Vegan®

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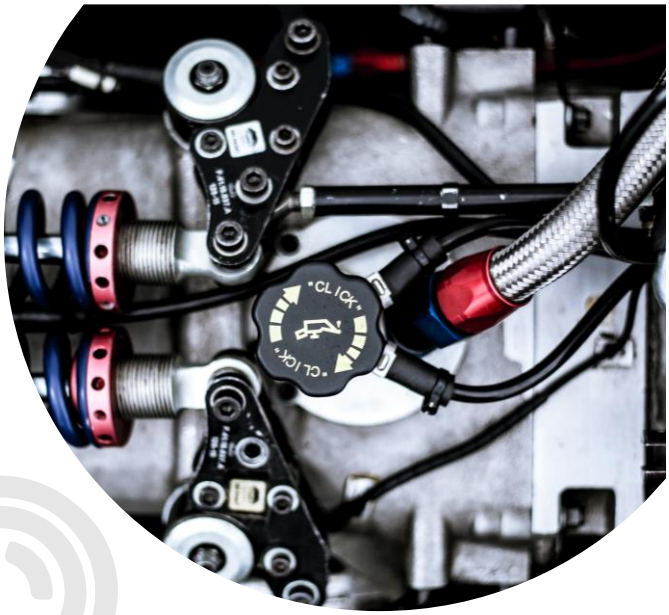
MANUFACTURING INDUSTRY



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MANUFACTURING MONITOR 15/05/20 – MAKE UK KEY FINDINGS

9/10 manufacturers have continued to trade during the crisis.

4/5 of manufacturers have seen a further decrease in orders and sales.

1/4 of manufacturers have seen orders fall by more than half.

Manufacturers maintain their stance on bringing furloughed workers back only when orders increase.

1/5 of manufacturers have furloughed between a quarter and half of their staff.

OVER 1/3 of manufacturers believe it could take more than 12 months to return to normal trading conditions.

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Source: Make UK, Manufacturing Monitor 15/05/20 Key Findings

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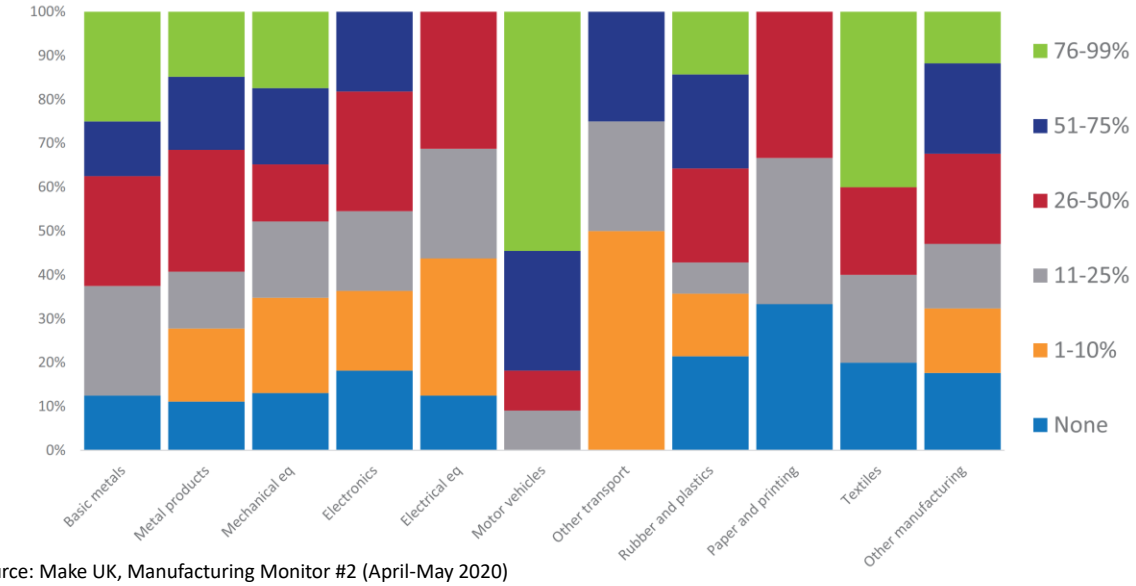
WHAT PROPORTION OF YOUR COMPANY'S EMPLOYEES HAS BEEN FURLOUGHED?



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Source: Make UK, Manufacturing Monitor #2 (April-May 2020)

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NEW CAR MANUFACTURING: 99.7% COLLAPSE TO THE LOWEST LEVEL SINCE THE SECOND WORLD WAR

2019 APRIL

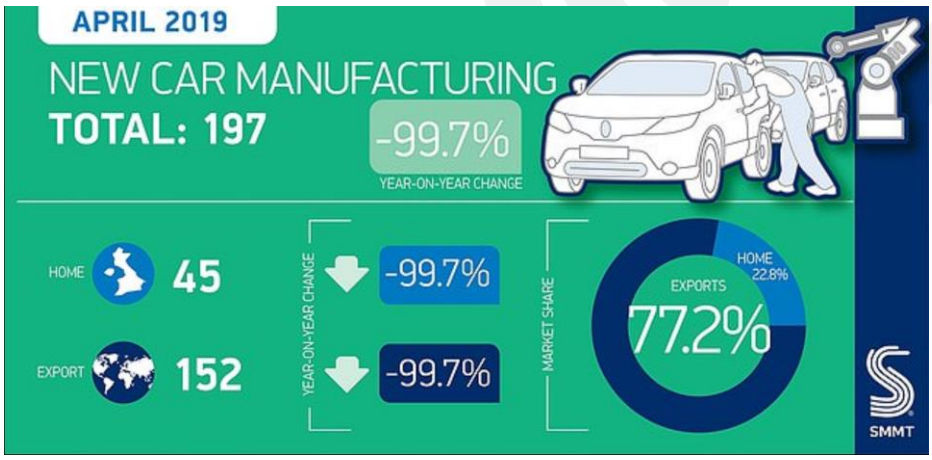
161,064

2020 APRIL

4321

CAR REGISTRATIONS

▼97.3%



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PROJECT BIRCH: GOVERNMENT PREPARES RESCUE PLAN FOR LARGEST BRITISH FIRMS

- **McLaren to cut 1,200 jobs as virus hits demand** BBC

- *Rolls-Royce is threatening to withdraw "support" from suppliers who do not agree to price cuts of up to 15 per cent* FT FINANCIAL TIMES

- Aston Martin resumed production at its St Athan facility on 5th of May
- Jaguar Land Rover resumed production in the UK on 20th of May

AUTOCAR

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SUSTAINABLE TEXTILE

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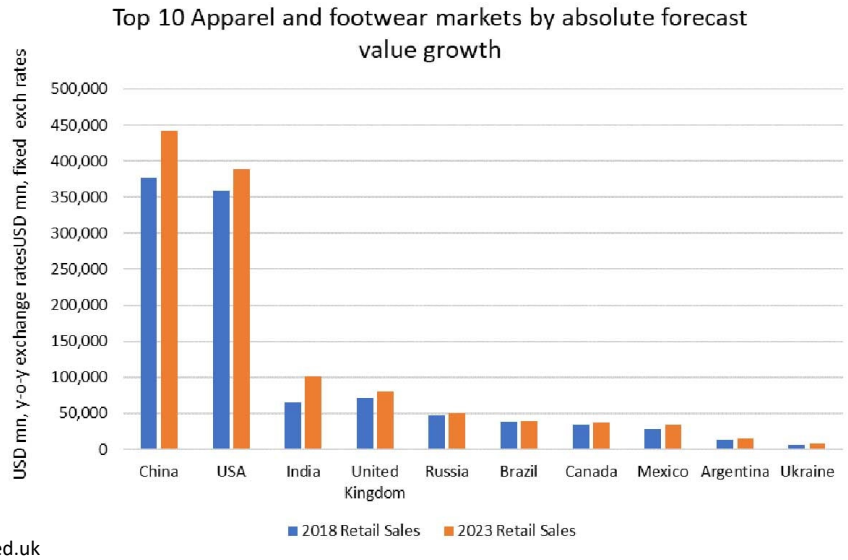
APPAREL AND FOOTWEAR GLOBAL MARKET



Source: fashionunited.uk

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FAST FASHION IN THE UK

Britain, which buys more clothes per person than any other country in Europe, has seen a boom in “fast fashion” - **Britain's fashion industry is still unsustainable**

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WHY IS ETHICAL, SUSTAINABLE CLOTHING IMPORTANT?

Fashion production releases **10%** of the world's carbon emissions

the fashion industry is responsible for **20%** of all industrial water pollution worldwide

Up to **85%** of produced clothing ends up incinerated or in a landfill

Source: World Economic Forum

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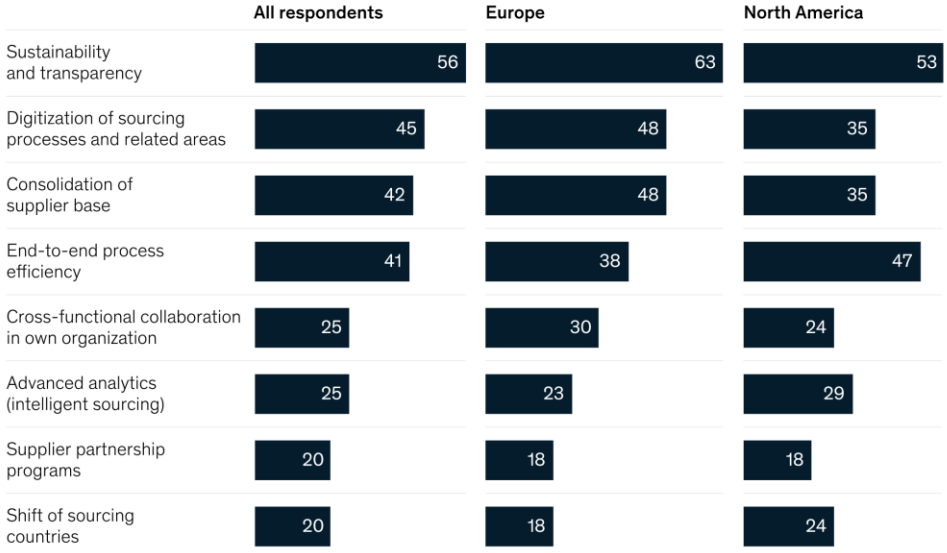
THE GREATEST PRIORITIES OF APPAREL COMPANIES



Source: McKinsey Apparel CPO Survey 2019

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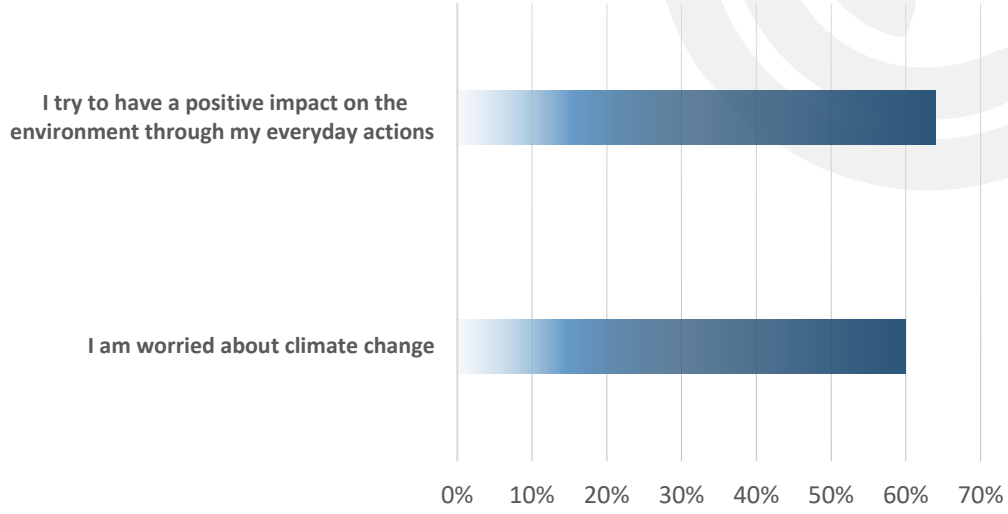
CONSUMER ATTITUDES TOWARDS GREEN PRODUCTS



Source: Euromonitor International's LifeStyle Survey 2019

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UK CONSUMERS

90% of consumers say they would be willing to purchase a product clearly labelled as 'upcycled' or '100% recyclable

43% (51% in London area) of consumers would actually be willing to pay a premium

62% of consumers admit they would stop using a brand if it was found to be detrimental to the environment

Source: Research from product information management company inRiver

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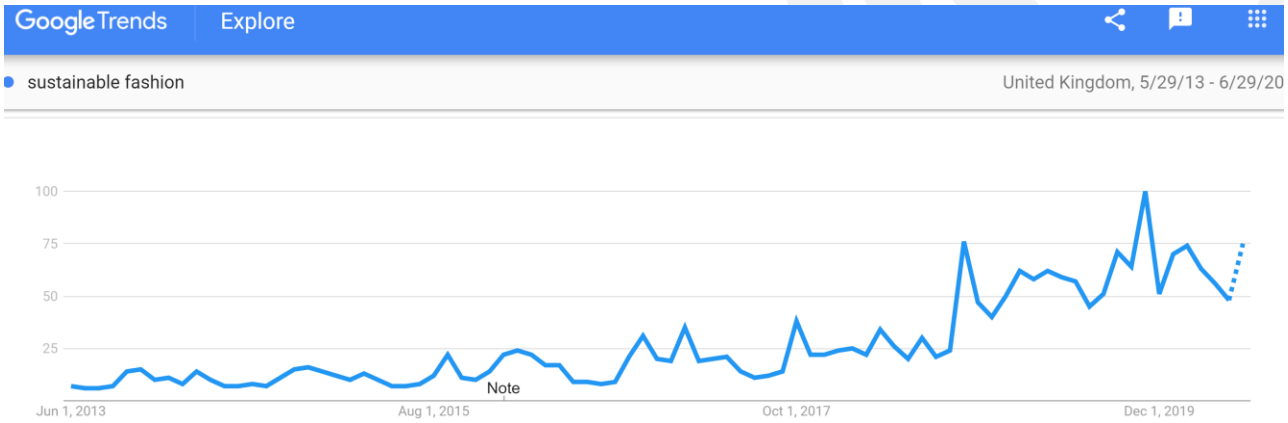
GOOGLE TRENDS



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SUCCESSFUL SUSTAINABLE FASHION BRANDS FROM LITHUANIA

THE KNOTTY ONES

UTE NOS

ETHICAL FASHION CERTIFICATIONS

FASHION REVOLUTION

ECO CERT

GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·

FAIR WEAR FOUNDATION

OEKO-TEX® CONFIDENCE IN TEXTILES

Ethical Trading Initiative
Member
Respect for workers worldwide

More info: https://eluxemagazine.com/culture/articles/ethical-fashion-certifications/

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AEQUEM IS THE FIRST E-COMMERCE PLATFORM TO ALIGN WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

æquem

SUSTAINABLE DEVELOPMENT GOALS

https://aequem.com/

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HOW TO SUPPLY ONLINE GROCERY RETAILER OCADO IN 3 STEPS

ocado

- **Step 1: the application form.** Tell Ocado about the product or range by completing our online application - https://supplyocado.com/
- **Step 2: buyer review.** One of Ocado buyers will review your application and decide whether your product or range is a good fit for Ocado
- **Step 3: result.** If successful, one of Ocado buyers will be in touch to set up a meeting, or you could be invited to one of 'Meet the Buyer' days

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CASE STUDY – OLD MILA (USTUKIŲ MALŪNAS UAB) AND I LOVE SNACKS LTD

- In December 2018 - exchange of contacts during the trade mission
- It took almost a year to build relationship and a product
- The two companies are currently developing new products together which will be on the shelves soon (fingers crossed) ☺
- The healthy snack market will be worth $32.8 billion by 2025

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BIKE SALES SOAR AS UK TAKES TO CYCLING

- New bikes sales on eBay tripled last month
- Halfords, the UK‘s biggest cycle retailer, doubled sales last month

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

GOV.UK

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 >

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THANK YOU

MANTAS.ZAMZICKAS@MFA.LT

LINKEDIN.COM/IN/MZAMZICKAS/

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APPENDIX

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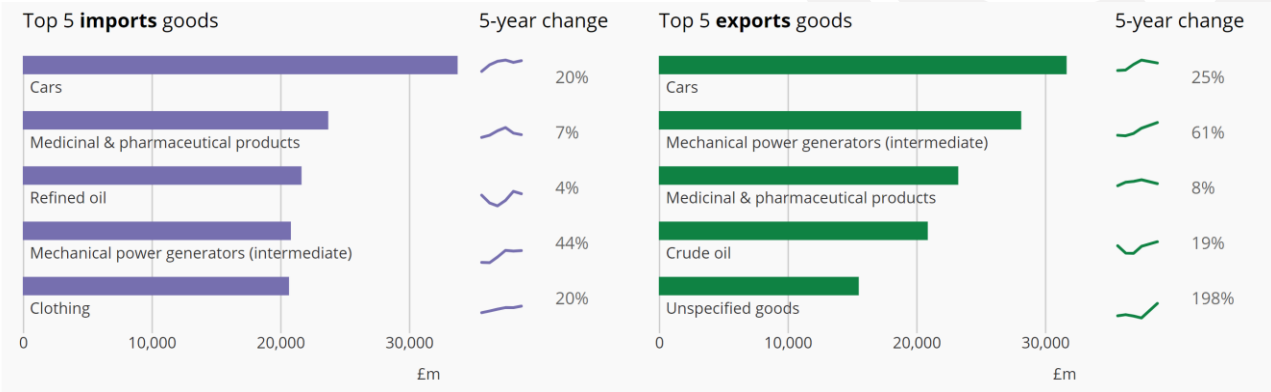
UK TRADE IN GOODS 2019



Source: UK Trade Statistics, Office for National Statistics

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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/

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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)

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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)

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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)

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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)

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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)

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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)

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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)

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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 recylced
- (Information courtesy of www.bpf.co.uk)

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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)

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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)

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