The United Kingdom

RISK & COMPLIANCE REPORT

DATE: March 2017

KNOWYOURCOUNTRY.COM

Executive Summary - United Kingdom	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering assessment

Major Investment Areas:

Agriculture - products:

cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish

Industries:

machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum, paper and paper products, food processing, textiles, clothing, other consumer goods

Exports - commodities:

manufactured goods, fuels, chemicals; food, beverages, tobacco

Exports - partners:

Germany 11.5%, US 10.6%, Netherlands 8.9%, France 7.4%, Ireland 6%, Belgium 5.1% (2012)

Imports - commodities:

manufactured goods, machinery, fuels; foodstuffs

Imports - partners:

Germany 12.5%, China 8.1%, Netherlands 7.3%, US 6.8%, France 5.3%, Belgium 4.4% (2012)

Investment Restrictions:

The UK imposes few impediments to foreign ownership. The UK subscribes to the OECD Codes of Liberalization of Capital Movements and of Current Invisible Operations, as well as the OECD National Treatment Instrument.

Contents

Section 1 - Background

The United Kingdom has historically played a leading role in developing parliamentary democracy and in advancing literature and science. At its zenith in the 19th century, the British Empire stretched over one-fourth of the earth's surface. The first half of the 20th century saw the UK's strength seriously depleted in two world wars and the Irish Republic's withdrawal from the union. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. As one of five permanent members of the UN Security Council and a founding member of NATO and the Commonwealth, the UK pursues a global approach to foreign policy. The UK is also an active member of the EU, although it chose to remain outside the Economic and Monetary Union. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly were established in 1999. The latter was suspended until May 2007 due to wrangling over the peace process, but devolution was fully completed in March 2010.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

The United Kingdom is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in The United Kingdom was undertaken by the Financial Action Task Force (FATF) in 2007. According to that Evaluation, The United Kingdom was deemed Compliant for 24 and Largely Compliant for 12 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 1 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Follow-up Report (2009):

The FATF has released the Follow-Up Report to the Mutual Evaluation Report of the United Kingdom, which was adopted in June 2007. In October 2009, the FATF recognised that the United Kingdom had made significant progress in addressing deficiencies identified in that report, decided that the country should be removed from the regular follow-up process and agreed that it should now report on any further improvements its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system on a biennial basis.

In its 2007 mutual evaluation, the United Kingdom was rated partially compliant (PC) on Recommendation 5 (customer due diligence), and as a result, it was placed in the regular follow-up process. The Follow-Up Report agreed by the FATF in October 2009 and published here finds that the United Kingdom has taken sufficient action in remedying the identified deficiencies for Recommendation 5, and that all the Core and Key Recommendations are at a level essentially equivalent to compliant (C) or largely compliant (LC).

The decision by the FATF to remove a country from the regular follow-up process is based on updated procedures agreed in October 2008. These procedures require a country to have taken sufficient and effective action to address the compliance levels of Recommendations 1, 3-5, 10, 13, 23, 26, 35-36, and 40 and Special Recommendations I – V (key and core Recommendations), where those Recommendations were previously rated as partially compliant or non-compliant. “Sufficient and effective action” is defined as a level essentially equivalent to compliant (C) or largely compliant (LC). (See paragraphs 39c and 40 of Third Round of AML/CFT Evaluations Process and Procedures for a detailed explanation.).

IMF Report - United Kingdom: Anti-Money Laundering/Combating the Financing of Terrorism (August 2011)

Money Laundering and Terrorism Finance Situation

The MER indicates that the overall threat to the United Kingdom from serious organized crime and related money laundering was high. The U.K. law enforcement hasestimated that the economic and social costs of serious organized crime, including the costs of combating it, at upwards of £20 billion a year. The total quantified organized crime market in the United Kingdom was reportedly worth about £15 billion per year as follows:

drugs (50 percent); excise fraud (25 percent); fraud (12 percent); counterfeiting (7 percent); and organized immigration crime (6 percent).

Estimated total recoverable criminal assets per annum at the time were £4.75 billion, of which it was estimated that £2.75 billion was sent overseas. According to the assessment, cash remained the mainstay of most serious organized criminal activity in the United Kingdom

At the time of the assessment, the following typologies were of most concern to U.K. law enforcement: cash/value couriering; financial abuse through certain nonfinancial businesses and professions, as well as through money transmission agents (including Hawala and other alternative remittance systems); cash- rich businesses and front companies; high-value assets and property; abuse of bank accounts, and other over-the-counter financial sector products.

The United Kingdom has had substantial experience responding to terrorist threats and addressing the support networks that make terrorist acts possible. The principal terrorist threat facing the United Kingdom identified in the assessment was from Islamic extremists. Attacks have been carried out in Britain by both British nationals and by outsiders. The use of banks to move terrorist funds overseas was thought to have declined in response to the tightening of controls in that sector. Two areas that were identified in the assessment as being of growing concern were the abuse of charitable organizations to raise and distribute funds, and the abuse through money service business (MSB) sector (including alternative remittance services) to move funds.

AML/CFT Strategies and Priorities

According to the assessment, the United Kingdom was committed to identifying and interdicting the flow of illicit funds across and within its borders, and to the disruption and dismantling of the money laundering and terrorist finance networks that move such funds. This was made clear in the government's Anti Money Laundering Strategy, published in October 2004. The government' s policies for AML/CFT were underpinned by three key objectives: to deter, through the establishment of enforceable safeguards and supervision; to detect, using the financial intelligence generated by money laundering controls to identify and target criminals and terrorist financiers; and to disrupt, maximizing the use of available penalties such as prosecutions or asset seizures.

As of the 2007 MER, the United Kingdom's priorities were: the domestic implementation of the Third EU Money Laundering Directive, and the adoption of appropriate domestic controls derived from the payments regulation and the mandatory declaration of currency regulation; reform of the “suspicious activity reporting” framework further to a comprehensive analysis of its current effectiveness (the Lander Review);

development of an enhanced regulatory environment for MSBs based on a domestic assessment of their significance in facilitating ML and TF; an assessment of the extent to which current controls for charitable organizations are fit for purpose in respect of TF; the European Commission’s 2005 “Communication” on this topic and domestic intelligence assessments; and measures to further restrict couriering cash through the implementation of a new set of European controls.

The United Kingdom’s annual threat assessment on serious and organized crime included a section on ML that analyzed the effectiveness of the United Kingdom’s controls in meeting the threat and identified areas for improvement. Law enforcement and the wider AML/CFT community contributed to the development of these threat assessments. At the time of the FATF on-site visit, a joint Treasury–Home Office–SOCA exercise was underway to map and define U.K. strategy on ML and FT for the future. This AML/CFT strategy was published on February 28, 2007.

Legal and Institutional AML/CFT Framework

According to the MER, the United Kingdom had a comprehensive legal structure to combat ML and TF. The ML offense was broad, fully covering the elements of the Vienna and Palermo Conventions, and the number of prosecutions and convictions was increasing. The TF offense was also broad. The introduction of the Proceeds of Crime Act 2002 (POCA) had a significant and positive impact on the United Kingdom’s ability to restrain, confiscate, and recover proceeds of crime. The United Kingdom also established an effective terrorist asset-freezing regime. Overall, the U.K. Financial Intelligence Unit (FIU) appeared to be generally effective. The United Kingdom also designated a number of competent authorities to investigate and prosecute ML and TF offenses. Measures for domestic and international cooperation were generally comprehensive.

All types of “financial institutions” as defined in the FATF Recommendations are active in the United Kingdom and all are covered by the MLRs. The United Kingdom is a major international centre for investment and private banking and had one of the largest commercial banking sectors in the world. The U.K. insurance industry is the largest in Europe and third largest in the world. The United Kingdom is also one of the largest fund-management markets in the world. It has a strong international orientation and attracted significant overseas funds (an estimate of the U.K. funds management industry at the end of 2004 was that over £2,960 billion of funds were under management, which included international private wealth management, hedge funds, and private equity).

According to the assessment, the effectiveness of preventive measures for financial institutions varied, but the situation was expected to improve with the implementation of the Third EU Money Laundering Directive later in 2007. As identified in the MER, the main customer-due-diligence (CDD) deficiencies were that the identification and verification of the identity of beneficial owners of accounts were not required by law or regulation. Record-keeping and suspicious transaction (or activity) reporting requirements were viewed as comprehensive and effective; however, the Financial Services Authority (FSA) had extensive powers to monitor and ensure compliance by the financial institutions it regulated. While the assessment viewed the supervisory system as comprehensive for larger firms, supervision of certain smaller firms (including some small banks, insurance companies, securities dealers, and investment managers) was thought to require enhancement. In response to these findings, the FSA commenced a project looking at AML/CFT systems and controls in small firms: 159 small firms were selected across the wholesale and retail sectors, and a report was published in May 2010. In addition, the FSA's Financial Crime Operations Team now routinely visits small firms as part of its case work and ongoing thematic work, and has visited a total of 337 firms from 2007 to 2010.

All types of DNFBPs, as defined in the FATF Recommendations, are active in the United Kingdom and all are covered by the MLRs. The DNFBPs appeared to be effectively complying with their STR obligations. There was generally comprehensive monitoring of casinos, lawyers, and certain accountants; the main deficiencies identified in the assessment were the lack of AML/CFT supervision for the real estate and company service provider sectors and certain unregulated accountants.

The United Kingdom has a wide range of legal persons and arrangements. Legal forms include: Companies Act companies and other forms of companies (both public and private), partnerships, and societies. Trusts are a longstanding, popular, and integral part of the legal and economic landscape of the United Kingdom.

US Department of State Money Laundering assessment (INCSR)

United Kingdom is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

The UK plays a leading role in European and world finance. Money laundering presents a significant risk to the UK because of the size, sophistication, and reputation of its financial markets. UK law enforcement invested resources over a number of years in tackling cash-based money laundering and the drug trade, which largely generates proceeds in the form of cash. The UK should follow through on plans to fill intelligence gaps, strengthen the law enforcement response, remove inconsistencies in the supervisory regime, and increase its international reach to tackle money laundering. The UK should consider changing its rules to ensure domestic PEPs are identified and, in high-risk cases, subject to enhanced due diligence requirements in accordance with international standards.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Most money laundering is cash-based, particularly cash collections networks, international controllers, and MSBs. Informal alternative remittance systems, such as hawala, are also common. Professional enablers in the legal and accountancy sector are used to move and launder criminal proceeds. There are significant intelligence gaps, in particular in relation to 'high-end' money laundering, where the proceeds are held in bank accounts, real estate, or other investments rather than cash. This type of laundering is particularly relevant to major frauds and serious foreign corruption, where the proceeds are often held in bank accounts, real estate, or other investments rather than in cash.

KEY AML LAWS AND REGULATIONS

Money laundering is criminalized, and the UK uses an "all serious crimes" approach to predicate crimes. The UK has a comprehensive AML regime and is an active participant in multilateral efforts to counter transnational financial crimes. The UK will transpose the EU's Fourth Anti- Money Laundering Directive into UK law by June 2017.

The UK supervises both financial institutions and DNFBPs for AML compliance. There are 27 AML supervisors in the UK, ranging from public sector statutory organizations to professional bodies. The UK has a voluntary reporting process for supervisors. The Annual Report on AML/CFT supervision is intended to improve the transparency and accountability of supervision and enforcement in the UK and encourage good practice. HM Treasury is conducting a review into the effectiveness of the supervisory regime to address inconsistencies in the regime and to focus on ensuring a risk-based approach is fully embedded.

The Financial Conduct Authority (FCA) is in charge of consumer protection and the integrity of the UK's financial system. The FCA follows a risk-based approach to AML supervision, working closely with regulatory and industry stakeholders to identify and mitigate current and emerging financial crime risks.

KYC and STR requirements cover banks, credit unions, building societies, money service businesses, e-money issuers, and credit institutions; insurance companies; securities and investment service providers and firms; independent legal professionals, auditors, accountants, tax advisors, and insolvency practitioners; estate agents; casinos; high-value goods dealers; and trust or company service providers.

The UK is a member of the FATF.

AML DEFICIENCIES

The UK automatically applies enhanced due diligence procedures to foreign, but not domestic, PEPs, though in practice firms normally apply enhanced measures to high-risk domestic PEPs in accordance with the risk-based approach. The 2015 AML/CFT national risk assessment confirmed the UK's law enforcement agencies' primary expertise is cash-based money laundering. The 2016 AML/CFT Action Plan sets out how the government will increase collaboration among law enforcement agencies, supervisors, and the private sector; fill intelligence gaps and strengthen the law enforcement response; remove inconsistencies in the supervisory regime; and increase the international reach to tackle money laundering.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

In 2015, there were 2,307 money laundering-related prosecutions and 1,336 convictions.

In June 2014, the Crown Prosecution Service Proceeds of Crime team was established to streamline confiscation work, although asset recovery powers are available to a range of UK agencies. UK legislation provides for non-conviction-based confiscation as another means of recovering criminal assets, alongside conviction-based confiscation. Non-conviction-based asset recovery is most commonly used when it is not possible to obtain a conviction, for example if a defendant has died or fled.

In June 2016, the UK established a freely accessible public register of company beneficial ownership information. Companies that do not provide information are subject to penalties. The register also may be used by covered entities to supplement, but not replace, CDD checks.

The former Prime Minister announced in May 2016 the UK will establish a public register of company beneficial ownership for foreign companies that already own or buy property in the UK or bid on UK central government contracts. The UK is also establishing a central register of beneficial ownership information for trusts that generate tax consequences.

In 2016, the UK permanently instituted a Joint Money Laundering Intelligence Task Force, which brings together banks and key UK law enforcement agencies to collaborate on the detection and disruption of money launderers.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, The United Kingdom does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

The United Kingdom is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

The United Kingdom is not considered to be an Offshore Financial Centre

Reports

US State Dept Narcotics Report 2017:

The United Kingdom of Great Britain and Northern Ireland (UK) is a significant consumer country of illicit drugs, and, to a lesser extent, a transshipment route for drugs destined for other international markets. International criminal organizations that traffic drugs into the UK also engage in a wide assortment of additional criminal activity, such as financial crimes and money laundering.

The most commonly used drug by UK adults is marijuana followed by cocaine. However, among 16 to 24 year olds, cocaine use falls to third place, following marijuana and MDMA (ecstasy). In August, officers from the National Crime Agency (NCA) and the Border Force made one of the most significant drug seizures in UK history, seizing more than a metric ton of cocaine with a street value of approximately $100 million from a fishing trawler off the English coast.

The Psychoactive Substances Act came into effect in May 2016 and established a blanket ban across the UK on synthetic substances that stimulate the effects of traditional illicit narcotics. The law also creates new powers for police to shut down illegal “headshops” and UK-based online dealers. Dealers in the now-illegal psychoactive substances face up to seven years in prison. Alongside the legislation, the UK rolled out new education programs targeting at-risk youth and provided capacity-building training to local areas to help them prevent and respond to the use of these substances.

The United States and the United Kingdom enjoy an excellent bilateral relationship and cooperate closely on multilateral narcotics enforcement efforts. The United States and UK have a memorandum of understanding allowing U.S. Coast Guard Law Enforcement teams and Airborne Use of Force Detachments to operate from the platforms of UK naval vessels in the Caribbean. The United States continues to conduct coordinated drug trafficking and money laundering investigations with the UK National Crime Agency and Metropolitan Police Service, as well as Police Scotland, the Police Services of Northern Ireland, and other UK law enforcement agencies. The United States has provided lead information on drug shipments bound for the UK, including couriers, parcels, and containerized cargo.

US State Dept Trafficking in Persons Report 2014 (introduction):

The United Kingdom is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act’s (TVPA) minimum standards.

The United Kingdom (UK) is a source, transit, and destination country for men, women, and children who are subjected to sex trafficking and forced labor, including domestic servitude. Most foreign trafficking victims come from Africa, Asia, and Eastern Europe. According to 2013 government data, the top five countries of origin for adult trafficking victims are Albania, Nigeria, Vietnam, Poland, and Romania, inclusive of children, the top countries of origin are Albania, Nigeria, Vietnam, Romania, and the UK. UK men continue to be subjected to forced labor within the UK and in other countries in Europe. UK children are increasingly subjected to sex trafficking within the country. Authorities reported that victims continued to be forced into criminal behavior. Unaccompanied migrant children in the UK continued to represent a group vulnerable to trafficking. Migrant workers in the UK are subjected to forced labor in agriculture, construction, food processing, domestic service, nail salons, food services, and on fishing boats. Domestic workers, primarily women, and including those in diplomatic households, are particularly vulnerable to trafficking and abuse. Children and men, mostly from Vietnam and China, continue to be forced to work on cannabis farms.

The Government of the United Kingdom fully complies with the minimum standards for the elimination of trafficking. Investigations and prosecutions of all forms of trafficking increased and public awareness increased. While the UK government continued to identify a large number of trafficking victims, some stakeholders continued to report that the victim identification and referral system failed to assist many victims of trafficking; some victims were detained and prosecuted for crimes committed as a result of being trafficked. The UK government and Westminster Parliament launched an overhaul of the UK anti-trafficking program to ensure the effective prosecution of trafficking offenders and to create structures for self-critical evaluation; parliamentary enquiries further examined victim protection and transparency in supply chains.

US State Dept Terrorism Report 2015

Overview: In 2015, the UK significantly increased its efforts to fight terrorism at home and abroad. The UK expanded its military efforts against the Islamic State of Iraq and the Levant (ISIL) to include airstrikes in Syria. Following ISIL attacks on tourists in Tunisia and Egypt, the UK increased efforts to enhance the counterterrorism capabilities of partner nations. Domestically, Prime Minister Cameron launched a new counter-extremism strategy and introduced legislation to revamp his government's electronic surveillance collection. UK law enforcement agencies announced that they prevented seven terrorist attacks during 2015, illustrating the continued threat posed by both international and homegrown "lone offender" terrorism.

The threat level in Northern Ireland from Northern Ireland-related terrorism remained severe on the UK's threat scale. In October, the Secretary of State for Northern Ireland published an assessment of paramilitary groups. The report indicated that the most serious terrorist threat is posed by dissident republican groups who oppose the peace process. Dissident republicans continued to target police officers primarily, but prison officers and members of the armed forces have also been targeted. The Northern Ireland Executive is developing a strategy to disband paramilitary groups and establish a monitoring and implementation body to end para-militarism. Tension and in-fighting within republican and loyalist organizations persisted.

Following ISIL's simultaneous terrorist attacks in Paris on November 13, British air strikes were extended beyond Iraq into Syria. The UK also plays a key role in coordinating the strategic communications lines of effort within the Counter-ISIL Coalition and participates actively in the Coalition's Foreign Terrorist Fighter Working Group.

2015 Terrorist Incidents: In 2015, the UK government reported preventing seven ISIL-inspired or directed attacks in the UK. The majority of domestic terrorist attacks occurred in Northern

Ireland. As of December, the UK's Northern Ireland Office recorded 16 national security attacks by dissident republicans.

- On May 4, police discovered two cylinder-type bombs near an Army Reserve center in Derry/Londonderry. The Police Service of Northern Ireland believed dissident republicans placed the devices.
- In May and July, two radio-controlled explosive devices were deployed in Belfast and Lurgan in an attempt to target security force personnel.
- In June, an under-vehicle IED was deployed against two off-duty police officers in County Londonderry.
- On June 26, a Tunisian gunman killed 38 people, including 30 British citizens, at a beach resort near Sousse, Tunisia. Although it occurred outside of the UK, the Sousse attack was the most significant terrorist attack against UK citizens in 2015.
- In August, an explosive device initiated inside a postal van while it was parked in Palace Barracks in County Down.
- In October, a viable IED was recovered from the grounds of a Derry/Londonderry hotel that was due to host a police recruitment event, and several days later an under-vehicle device was planted in Belfast.
- On December 5, a British citizen stabbed two commuters in an east London Tube station. During the attack, the perpetrator yelled "This is for Syria, my Muslim brothers." Police apprehended the suspect, who was facing trial on murder charges at year's end.

Legislation, Law Enforcement, and Border Security: UK counterterrorism efforts enjoyed the support of a broad statutory foundation. UK law enforcement officials continued to make use of reinforced counterterrorism legislation permitting the government to surveil, interdict, and control the movements of suspected terrorists. In November, the government delivered to Parliament a draft of the Investigatory Powers Bill, which will reframe the statutory basis for the collection of electronic communications, including bulk data, by intelligence and law enforcement agencies. The draft bill increases oversight mechanisms while expanding the investigative tools available to UK authorities.

The Metropolitan (Met) police lead the UK's national counterterrorism law enforcement effort. The Met's Counter Terrorism Command operates against the threat of terrorism at a local, national, and international level and supports the national Counter Terrorism Network and the Senior National Coordinator of Counter Terrorism. The Met works closely with other UK police constabularies, MI5, and other agencies in all matters related to terrorism, to include investigation, prosecution, prevention, and protection. UK counterterrorism agencies conducted advanced international investigations, managed crisis response, and provided border security.

The UK is committed to implementing fully UN Security Council Resolutions 2170, 2178, and 2199, and is an important partner in urging other nations to do the same, especially within the EU. The UK issues machine readable passports with an imbedded electronic chip. The last non-electronic passports issued by the UK in 2006 will age out in early 2016. UK travel documents and visas contain a number of security features to prevent tampering and fraud. The UK has advanced biometric screening capabilities at some points of entry, but at others, such as ferry ports, there is no screening at all. The UK requires international airlines to collect Advance Passenger Information and pressured the EU to collect intra-Schengen Passenger Name Record data.

The U.S. and UK law enforcement communities have excellent information sharing and collaboration in the counterterrorism realm. Several UK and U.S. law enforcement agencies embed personnel in each other's organizations to improve communication, information sharing, and joint response. U.S. law enforcement agencies routinely coordinate their investigations with their UK counterparts, resulting in numerous arrests and convictions.

In Northern Ireland, the Crime Operations Department is responsible for conducting terrorism investigations and works closely with MI5 and An Garda Síochána (Ireland's police force) on a range of issues. The Police Service of Northern Ireland reported an increase in bombing incidents and paramilitary style assaults in 2015, but a decrease in terrorism-related arrests, shooting incidents, and confiscation of explosives and firearms. Major 2015 law enforcement actions in Northern Ireland included:

- As part of an investigation into dissident republican activity in September, police confiscated more than half a kilogram of Semtex explosives, two handguns, more than 200 rounds of ammunition and two detonators in west Belfast. This led to the arrest of an individual in England days later in connection with terrorism offenses.
- In October, police conducted a series of separate arrests of individuals allegedly involved in dissident republican terrorism.

The United States and UK cooperated closely in the investigation, apprehension and prosecution of suspected terrorists. In 2015, the UK continued to assist with several U.S. terrorism prosecutions.

Countering the Financing of Terrorism: The UK is an active member of the Financial Action Task Force (FATF), and has observer or cooperating status in five regional bodies: the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism; Eastern and Southern Africa Anti-Money Laundering Group; Caribbean Financial Action Task Force; Asia Pacific Group on Money Laundering; and Middle East and North Africa Financial Action Task Force. New counterterrorism finance legislation in the Counter Terrorism and Security Act 2015 amended the Terrorism Act 2000 to make it an offense for an insurer to reimburse a kidnap or ransom payment made in response to a demand made wholly or partly for the purposes of terrorism. The Charities and Social Investment Bill, which will enable the Charity Commission to more effectively deal with abuse of the charitable sector – including for terrorist and violent extremist purposes – was before Parliament at year's end.

The UK prosecutes those involved in terrorism finance. Since 2001, 49 individuals have been charged under sections 15-19 of the Terrorism Act 2000 ('fundraising'); of these, 21 individuals were convicted. In the period between April 1, 2014 and March 31, 2015, three individuals were convicted where the principal charge was funding terrorism. Additionally, individuals suspected of funding terrorism were convicted of related offenses (fraud, money laundering, etc.). The UK electronically distributes a consolidated list of all UK designated terrorists and terrorist entities (to include UN targets, EU targets, and UK domestic targets under TAFA) to 16,000 subscribers, mainly in the UK and its overseas territories.

The UK freezes assets in accordance with UNSCR 1373 and the UN 1267/1989/2253 ISIL (Da'esh) and al-Qa'ida sanctions regime. Like other members of the EU, the UK currently implements UN listings by way of EU Regulation, which involves a delay between UN adoption and listings taking legal effect. Asset freezes under UN obligations are made as soon as corresponding EU regulations come into force. If aware of assets held in the UK, the government proactively notifies financial institutions, to compensate for any delay in legal effect of the UN decision. While work is underway by the European Commission to streamline that process and speed up implementation, the UK government has decided to bring forward domestic legislation to bridge the gap. On December 17, 2015, the UK announced that it would legislate to remove the delay between the adoption of UN sanctions decisions and their implementation in the UK. This would apply to both existing and new UN regimes, and would mean that designations will take legal effect in the UK immediately following UN adoption. For domestic asset freezes under UNSCR 1373, action is taken immediately. As of September 2015, the UK held approximately US $151,290 in frozen assets: US $59,003 under the Terrorist Asset-Freezing Act 2010, US $16,642 under the EU terrorist asset freezing regime, and US $75,645 related to the UN 1267/1989/2253 ISIL (Da'esh) and al-Qa'ida sanctions regime. Her Majesty's Treasury licenses funds to individuals subject to asset freezes for daily living expenses and legal costs; therefore the amount frozen fluctuates over time.

Her Majesty's Revenue and Customs (HMRC) regulates money transfer and remittance services. HMRC requires remitters to understand to whom they are sending money, and collect originator and recipient information. UK charities have a duty to report suspicions or beliefs of terrorism financing offenses under section 19 of the Terrorism Act 2000; it is an offense to fail to make such a report. Such reports are filed directly with the police or with the National Crime Agency. Charities with an annual income of US $40,500 per year are obliged to file with the Charity Commission serious incident reports of fraud, theft, or other criminal behavior to include support for proscribed organizations or individuals. Charities with annual income under US $40,500 per year "should" report such incidents to the Commission, but failure to do so does not result in a criminal offense. This is separate from the legal requirement to make a report under section 19 of the Terrorism Act 2000.

Countering Violent Extremism: The UK continued to be an important partner in the effort to counter violent extremism. In October 2015, the UK announced a new domestic strategy to counter extremist ideologies in all of their forms as well as violent extremism. The strategy provides an official definition of extremism as "the vocal or active opposition to our fundamental values, including democracy, the rule of law, individual liberty, and the mutual respect and tolerance of different faiths and beliefs." Through the strategy, the UK government seeks to combat all forms of extremism and not just violent extremism. The strategy laid out a four-fold approach to countering extremism: countering extremist ideology; building partnerships with civil society; disrupting extremists; and building more cohesive communities. The UK government also announced US $7 million in new funding to provide direct and in-kind practical support to domestic counter-extremist groups to expand the reach and scale of their counter-messaging efforts.

International and Regional Cooperation: The UK robustly supported counterterrorism efforts in regional and multilateral organizations in 2015. In response to terrorist attacks targeting Western tourists in North Africa, such as in Tunisia, the UK expanded its protective and aviation capacity building efforts in third countries through regional and multilateral organizations. The UK led the call for an EU Directive on Passenger Name Record information for people travelling within the Schengen Area. In addition, the UK exercised leadership in the EU to amend the EU Firearms Directive, resulting in the tightening of controls on the acquisition and possession of firearms. The UK also supported stronger external border controls through the better use of information sharing and border checks. In April, the UK adopted the Schengen Information System, which facilitates cooperation among European law enforcement, immigration, and border control agencies. In September, Prime Minister Cameron and Home Secretary May spoke on counterterrorism and CVE at the UN. The UK is a founding member of the Global Counterterrorism Forum and along with the United Arab Emirates, co-chaired the Countering Violent Extremism Working Group. It is also a founding member of the International Institute for Justice and the Rule of Law and seconded a law enforcement advisor to the Institute who helped develop and deliver counterterrorism-related trainings for police officers.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	81
World Governance Indicator – Control of Corruption	94

Corruption and Government Transparency - Report by US State Department

Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK.

The UK formally ratified the OECD Convention on Combating Bribery in December 1998. The UK also signed the UN Convention Against Corruption in December 2003 and ratified it on February 8, 2006. The UK has launched a number of initiatives to reduce corruption overseas. The OECD Working Group on Bribery (WGB) criticized the UK's implementation of the Anti-Bribery convention. The OECD and other international organizations promoting global anti-corruption initiatives pressured the UK to update its anti-bribery legislation which was last amended in 1916. In 2007, the UK Law Commission began a consultation process to draft a Bribery Bill that met OECD standards. A report was published in October 2008 and consultations with experts from the OECD were held in early 2009. The new Bill was published in draft in March 2009 and adopted by Parliament with cross-party support as the 2010 Bribery Act in April 2010.

The Bribery Act 2010 came into force on July 1, 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. The scope of the law is extra-territorial. Under the Bribery Act, a relevant person or company can be prosecuted for bribery if the crime is committed abroad. The Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.

Section 9 of the Act requires the Government to publish guidance on procedures that commercial organizations can put in place to prevent bribery on their behalf. It creates the following offences: Active bribery - promising or giving a financial or other advantage; Passive bribery- agreeing to receive or accepting a financial or other advantage; Bribery of foreign public officials, and; the failure of commercial organizations to prevent bribery by an associated person (corporate offence). The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faces charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

Section 3 - Economy

The UK, a leading trading power and financial center, is the third largest economy in Europe after Germany and France. Over the past two decades, the government has greatly reduced public ownership. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labor force. The UK has large coal, natural gas, and oil resources, but its oil and natural gas reserves are declining and the UK became a net importer of energy in 2005. Services, particularly banking, insurance, and business services, are key drivers of British GDP growth. Manufacturing, meanwhile, has declined in importance but still accounts for about 10% of economic output. After emerging from recession in 1992, Britain's economy enjoyed the longest period of expansion on record during which time growth outpaced most of Western Europe. In 2008, however, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Falling home prices, high consumer debt, and the global economic slowdown compounded Britain's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the then BROWN (Labour) government to implement a number of measures to stimulate the economy and stabilize the financial markets; these included nationalizing parts of the banking system, temporarily cutting taxes, suspending public sector borrowing rules, and moving forward public spending on capital projects. Facing burgeoning public deficits and debt levels, in 2010 the CAMERON-led coalition government (between Conservatives and Liberal Democrats) initiated a five-year austerity program, which aimed to lower London's budget deficit from about 11% of GDP in 2010 to nearly 1% by 2015. In November 2011, Chancellor of the Exchequer George OSBORNE announced additional austerity measures through 2017 largely due to the euro-zone debt crisis. The CAMERON government raised the value added tax from 17.5% to 20% in 2011. It has pledged to reduce the corporation tax rate to 21% by 2014. The Bank of England (BoE) implemented an asset purchase program of £375 billion (approximately $605 billion) as of December 2013. During times of economic crisis, the BoE coordinates interest rate moves with the European Central Bank, but Britain remains outside the European Economic and Monetary Union (EMU). In 2012, weak consumer spending and subdued business investment weighed on the economy, however, in 2013 GDP grew 1.4%, accelerating unexpectedly in the second half of the year because of greater consumer spending and a recovering housing market. The budget deficit is falling but remains high at nearly 7% and public debt has continued to increase.

Agriculture - products:

cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish

Industries:

machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum, paper and paper products, food processing, textiles, clothing, other consumer goods

Exports - commodities:

manufactured goods, fuels, chemicals; food, beverages, tobacco

Exports - partners:

Germany 11.5%, US 10.6%, Netherlands 8.9%, France 7.4%, Ireland 6%, Belgium 5.1% (2012)

Imports - commodities:

manufactured goods, machinery, fuels; foodstuffs

Imports - partners:

Germany 12.5%, China 8.1%, Netherlands 7.3%, US 6.8%, France 5.3%, Belgium 4.4% (2012)

Banking

According to the European Banking Federation, the UK banking sector is the largest in Europe based on asset value, with 332 banks authorized to do business in the UK, retail deposits of GBP 3.6 trillion (USD 5.8 trillion) and an estimated 50 percent of all the EU's investment banking activity. The total assets of the UK banking sector were about 7.2 trillion GBP (USD 11.5 trillion) 2009.

During 2008 and 2009As a result of the financial crisis, the UK government nationalized two banks, Northern Rock and Bradford & Bingley, and took significant stakes in the Royal Bank of Scotland (RBS) and Lloyds Banking Group. The government's stake in these banks is managed, at arm's-length, by UK Financial Investments (UKFI), a company wholly owned by HM Treasury.

With the exception of Bradford & Bingley (which will be wound down), UKFI will execute an investment strategy for disposing of the investments through sale, redemption or buy-back. The UK government does not intend to be a permanent investor in UK financial institutions. The government is preparing for the sale of Northern Rock, back to the private sector, probably in the first half of 2011. The rescue packages were authorized by the European Commission under EC Treaty state aid rules, which ensures state aid packages do not result in significant market distortions. At the end of 2009, the European Commission approved state aid measures for RBS and Lloyds but insisted on substantial divestments to limit market distortions.

Stock Exchange

The London Stock Exchange is one of the most active equity markets in the world. London's markets have the advantage of bridging the gap between the day's trading in the Asian markets and the opening of the U.S. market. This bridge effect is also evident as many Russian and Central European companies have used London stock exchanges to tap global capital markets. The Alternative Investment Market (AIM), established in 1995 as a sub-market of the

London Stock Exchange, is specifically designed for smaller, growing companies. The AIM has a more flexible regulatory system than the Main Market and has no minimum market capitalization requirements. Since its launch, the AIM has raised approximately GBP 60 billion (USD 96 billion) for more than 3,100 companies.

Section 4 - Investment Climate

Executive Summary

The British economy's openness to investment has been a long established fact, with many of the world's largest firms having UK branch plants and manufacturing subsidiaries. The UK imposes few impediments to foreign ownership and throughout the past decade, the UK has remained Europe's top recipient of foreign direct investment (FDI), including the destination of choice for U.S. investors. The UK was the world's ninth largest recipient of foreign direct investment in 2013 and attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country. The United States remains the primary source of FDI into the UK and remains the most favored location for UK direct investment abroad, continuing the strong investment partnership between the two countries.

The United Kingdom is politically stable with a modern infrastructure, and U.S. companies have found establishing a base in the UK an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables UK-based firms to operate with relative freedom throughout the EU. Many U.S. companies have operations in the UK, including all top 100 of Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms. The UK Government has sought to further increase the UK's attractiveness through taxation, trade missions, and support for small and medium enterprises. Recent studies show that the UK is also making improvements in terms of financial flexibility, policy regime for start-ups, and entrepreneurial culture. The UK is especially well supported by its financial and professional services industries.

The UK has a transparent tax system in which local and foreign-owned companies are taxed alike. The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK has a long history of applying the rule of law to business disputes, which are resolved through litigation in the UK Courts or by arbitration, mediation, etc.; and, London is a hub for international dispute resolution with over 10,000 cases annually. Expropriations or nationalization of corporate assets are prohibited by law, and the UK legal system provides a high level of protection for intellectual property. Private ownership is also protected by law and monitored for competition-restricting behavior. U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business, and common law prevails in the UK as the basis for commercial transactions.

The UK banking sector is the largest in Europe, and foreign investors, employers, and market participants have been treated equally and benefit from government initiatives equally. There are no signs of increased protectionism against foreign investment, and none are expected. Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. UK legal, regulatory, and accounting systems are transparent and consistent with international standards.

There are 20 state-owned, or partly-owned, enterprises in the UK spread across a wide range of sectors, ranging from large, well-known companies to small trading bodies. Some of these, where appropriate, are due to be sold to the private sector over the next few years. There is a strong awareness of corporate social responsibility principles among UK businesses. Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK. The UK's labor force is the second largest in the European Union, at just over 40 million people with an unemployment rate of 6.9%. About 26 percent of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to a much lower American percentage.

The United States and UK have no formal bilateral investment treaty relationship, although a Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. The UK has its own bilateral tax treaties with more than 100 (mostly developing) countries and a network of about a dozen double taxation agreements.

1. Openness to Foreign Investment

The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving U.S. $53 billion (£31.62 billion at an exchange rate of $1.66 to £1), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. Despite the drop in ranking, however, inflows increased 22 percent over 2011. The UK attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country, but this position is under threat, with Germany's share of FDI rising for the fifth year in a row to reach 16 percent. The United States remains the primary source of foreign direct investment into the UK. In FY 2012-2013, the United States contributed 39% of all inward investment projects to the UK and over 30% of all inward investment-generated jobs. In 2012, the United States contributed FDI positions to the UK of $331.2 billion (£197.5 billion), compared to $306.9 billion (£183 billion) in 2011.

With a few exceptions, the UK does not discriminate between nationals and foreign individuals in the formation and operation of private companies. U.S. companies establishing British subsidiaries generally encounter no special nationality requirements on directors or shareholders, although at least one director of any company registered in the UK must be ordinarily resident in the UK. Once established in the UK, foreign-owned companies are treated no differently from UK firms. Within the EU, the British Government is a strong defender of the rights of any British- registered company, irrespective of its nationality of ownership.

Market entry for U.S. firms is greatly facilitated by a common language, legal heritage, and similar business institutions and practices. Long-term political, economic, and regulatory stability, coupled with relatively low rates of taxation and inflation make the UK particularly attractive to foreign investors. The Coalition Government, formed between Conservatives and Liberal Democrats in May 2010, is committed to economic reforms, including privatization, deregulation, and support for competition. Both political parties in the coalition believe in a liberal economic policy.

Local and foreign-owned companies are taxed alike. Inward investors may have access to certain EU and UK regional grants and incentives that are designed to attract industry to areas of high unemployment, but no tax concessions are granted. As of 2014, the UK taxes corporations 21 percent on profits over $2.4 million (£1.5 million). Small companies are taxed at a rate of 20 percent for profits up to $471,000 (£300,000) and marginal tax relief is granted on profits between these thresholds. Tax deductions are allowed for expenditure and depreciation of assets used for trade purposes. These include machinery, plant, industrial buildings, and assets used for research and development. A special rate of 20 percent is given to unit trusts and open-ended investment companies.

TABLE 1: Corporate Tax rates for 2008–2012

Corporate Tax rates for 2008–2012					
	2008–2010	**2011**	**2012**	**2013**	**2014**
Small profits rate	21%	20%	20%	20%	20%
Small profits upper limit	£300,000	£300,000	£300,000	£300,000	£300,000
Marginal relief limits	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000
Main rate	28%	26%	24%	23%	21%

In April 2011, the government announced an increase in the tax levied on North Sea oil and gas production. The increase in the levy was not pre-announced or consulted, and oil and gas producers in the region, as well as the Scottish Executive (many of the jobs and revenues associated with North Sea energy extraction are generated in Scotland), complained that they had not been consulted and that investment in the region would be curtailed. Investment decisions were delayed at the time, but the continued high level of the oil price has meant that new North Sea energy extraction continues.

In the 2014 budget, however, the chancellor extended tax allowances in the North Sea to encourage billions of pounds of investment in the UK's maturing oil and gas industry. The incentives were allocated in the budget in order to develop temperature fields that require a high amount of capital to exploit, due to the technical difficulties of bringing oil and gas to the shore. These tax allowances build on previous tax breaks to brownfield extensions, smaller projects and developments in the west waters of Shetland. The widening of the tax allowances, which followed the unexpected $3.4bn (£2bn) tax increase made by the chancellor on North Sea operators in 2011, is aimed at extending extraction of oil and gas reserves, particularly since these operations are dependent on economically marginal fields.

The UK has a simple system of personal income tax. The basic income tax rate for 2014-2015 is 20 percent on income over a personal tax free allowance of $16, 605 (£10,000) and less than $53,028 (£31,866). For earnings over $160,500 (£100,000) and less than $199,433 (£118,880), the tax free allowance is reduced by GBP 1 for every GBP 2 of additional income. As part of the Coalition Government's plan to reduce the significant UK budget deficit, tax rates on income over £35,000 increased from 40 to 45 percent as of 6 April 2013. UK citizens also make mandatory payments of about 12 percent of income into the National Insurance system, which funds social security and retirement benefits. The UK requires non-domiciled residents of the UK to either pay tax on their worldwide income or the tax on the relevant part of their remitted foreign income being brought into the UK. If they have been resident for 7 years or more, and they choose to pay tax only on their remitted earnings, they may be subject to an additional charge of $48,141 (£30,000) or $83,235 (£50,000).

The Scottish Parliament has the legal power to increase or decrease the basic income tax rate in Scotland, currently 20 percent, by a maximum of 3 percentage points. The Scottish Government has been opposed to a rise in tax, mainly because any financial advantage gained by an increase in taxes would be offset by the need to establish a new administrative body to manage the new revenue. In practice HM Revenue & Customs (HMRC) admitted to the Scottish Cabinet Secretary for Finance in 2010 that the computer systems between Scotland and the HMRC are incapable of processing collections that fall under this category of devolved taxation power. In September 2014 Scotland will hold an independence referendum, however there is no indication that Scotland's investment policies will change after the referendum.

The UK imposes few impediments to foreign ownership. The UK subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT).

U.S. companies have found that establishing a base in the UK is an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables UK-based firms to operate with relative freedom throughout the EU. Many U.S. companies have operations in the UK, including all top 100 of Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms. Companies are closely following the debate over the future of the UK's membership in the European Union.

British Overseas Territories

The British Overseas Territories (BOTs) comprise Anguilla, British Antarctic Territory, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn Islands, St. Helena and its dependencies Ascension and Tristan da Cunha, Turks and Caicos Islands, South Georgia and South Sandwich Islands, and Sovereign Base Areas on Cyprus. The BOTs retain a substantial measure of responsibility for their own affairs. Local self-government is usually provided by an Executive Council and elected legislature. Governors or Commissioners are appointed by the Crown on the advice of the British Foreign Secretary, and retain responsibility for external affairs, defense, and internal security. However, the UK imposed direct rule on the Turks and Caicos Islands in August 2009 after an inquiry found evidence of corruption and incompetence. Its Premier was removed and its constitution was suspended. The UK restored Home Rule following elections in November 2012.

The UK's Department for International Development (DFID) is committed to "help to provide an improved environment for economic and social development and promote self-sustainability" of the BOTs. Many of the territories are now broadly self-sufficient. However, DFID maintains development assistance programs in St. Helena, Montserrat and Pitcairn, including budgetary aid to meet the islands' essential needs and development assistance to help encourage economic growth and social development. Other BOTs receive small levels of assistance through "cross-territory" programs for issues such as environmental protection, disaster prevention, HIV/AIDS and child protection. The UK also lends to the BOTs as needed, up to a pre-set limit, but assumes no liability for them if they encounter financial difficulty.

Many of the BOTs, particularly those in the Caribbean, have been hit hard by the financial crisis. In the Cayman Islands, the British Virgin Islands, the Turks and Caicos and Anguilla, decreases in financial services activity and tourism have resulted in falling output and government revenue. Fisheries and tourism activity in the Falkland Islands have fallen while the government revenues of Gibraltar, with its more diversified economy, have been resilient. To mitigate the impact of the crisis, the territories are reprioritizing government expenditure and looking at ways to increase revenue. Additionally, BOTs may request higher borrowing limits from the UK.

Seven of the BOTs have financial centres: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands. In April 2009, during the London G20 Summit, all of these territories were placed on the OECD's "grey list" of jurisdictions that have committed to the internationally agreed tax standard, developed by the OECD, but have not yet substantially implemented it by signing the 12 tax information exchange agreements. As of October 11, 2010, all but Montserrat were listed on the OECD's list of jurisdictions that have substantially implemented the internationally agreed tax standard.

Anguilla: Anguilla is a neutral tax jurisdiction. There are no income, capital gains, estate, profit or other forms of direct taxation on either individuals or corporations, for residents or non-residents of the jurisdiction. The territory has no exchange rate controls. Non-Anguillan nationals may purchase property, but the transfer of land to an alien includes a 12.5 percent tax.

British Virgin Islands: The government of the British Virgin Islands welcomes foreign direct investment and offers a series of incentive packages aimed at reducing the cost of doing business on the islands. These range from relief on customs duties on imported capital goods to relief from corporation tax payments over specific periods. Crown land grants are not available to non-British Virgin Islanders, but private land can be leased or purchased following the approval of an Alien Land Holding License. Company tax is 15 percent on chargeable income. Personal income taxes are payable at the rate of three percent on the first $2,500 of income, six percent on the next $5,000, ten percent on the next $7,500, 15 percent on the next $10,000 and 20 percent on income exceeding $25,000.

Cayman Islands: There are no direct taxes in the Cayman Islands. The government charges stamp duty of six percent on the value of real estate at sale and there is a one percent fee payable on mortgages of less than CI$300,000, and one and a half percent on mortgages of CI$300,000 or higher. There are no controls on the foreign ownership of property and land. Investors can receive import duty waivers on equipment, building materials, machinery, manufacturing materials, and other tools.

Falkland Islands: Companies located in the Falkland Islands are charged corporation tax at 21 percent on the first GBP one million and 26 percent for all amounts in excess of GBP one million. The individual income tax rate is 21 percent for earnings below $21,793 (£13,000) and 26 percent above this level.

Gibraltar: The government of Gibraltar encourages foreign investment. Gibraltar is a low-tax jurisdiction (no capital or sales taxes) with a stable currency and few restrictions on moving capital or repatriating dividends. It is a member of the EU and offers EU funding for projects that improve the island's economic development.

Montserrat: The government of Montserrat welcomes new private foreign investment. Foreign investors are permitted to acquire real estate, subject to the acquisition of an Alien Land Holding license. Foreign investment in Montserrat is subject to the same taxation rules as local investment, and is eligible for tax holidays and other incentives. Montserrat has preferential trade agreements with the United States, Canada and Europe. The government allows 100 percent foreign ownership of businesses but the administration of public utilities remains wholly in the public sector.

St. Helena: The island of St. Helena is open to foreign investment and welcomes expressions of interest from companies wanting to invest. Its government operates an Approved Investor scheme, which offers concessions to businesses that meet a set of criteria outlined in the government's Economic Development Ordinance and Tourism Policy – particularly tourism projects that will be trading at the time of the opening of the St. Helena airport. All applications under the scheme are processed by the St. Helena Development Agency.

Pitcairn Islands: The Pitcairn Islands have approximately 50 residents, with a workforce of approximately 15. The territory does not have an airstrip or safe harbor. Residents exist on fishing, subsistence farming, and handcrafts.

The Turks and Caicos Islands: The islands operate an "open arms" investment policy. Through the policy, the government commits to: a streamlined business licensing system; a responsive immigration policy to give investment security; access to government owned land under long term leases; and a variety of duty concessions to qualified investors. The islands have a "no tax" status.

TABLE 2: UK Standings on Cross-National Indices

UK Standings on Cross-National Indices		
Measure	**Year**	**Ranking/Index**
TI Corruption Perceptions Index	2013	14th out of 177/76
Heritage Economic Freedom	2014	14th out of 178/74.9
World Bank Doing Business	2014	10th out of 189
Global Innovation Index	2013	3rd out of 142/61.25

World Bank GNI per capita	2012	GBP 23,288 (USD 38,670)

2. Conversion and Transfer Policies

The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK is not a member of the Euro area and the current Coalition government does not wish to join, or prepare to join, over the next 5 year Parliament. Even at that time, it is likely that any decision to join would only be made through a referendum.

The Finance Act 2004 repealed the old rules governing thin capitalization, which allowed companies to assess their borrowing capacity on a consolidated basis. Under the new rules, companies which have borrowed from a UK or overseas parent need to show that the loan could have been made on a stand-alone basis or face possible transfer pricing penalties. These rules were not established to limit currency transfers, but rather to limit attempts by multinational enterprises to present what is in substance an equity investment as a debt investment to obtain more favorable tax treatment.

3. Expropriation and Compensation

Expropriation of corporate assets or nationalization of an industry requires a special Act of Parliament, as seen in the February 2008 nationalization of the bank Northern Rock. In the event of nationalization, the British government follows customary international law, providing prompt, adequate, and effective compensation.

4. Dispute Settlement

International disputes are resolved through litigation in the UK Courts or by arbitration, mediation, or some other alternative dispute resolution (ADR) method. Over 10,000 disputes a year take place in London, many with an international dimension, reflecting its strong position as an international center for legal services. Most of the disputes center on the maritime, commodities, financial services, and construction sectors. The London Court of International Arbitration and the International Chamber of Commerce's International Court of Arbitration are the leading administrators of international arbitrations. The Stock Exchange Panel on Takeovers and Mergers mediates takeover bid disputes, and there is a further right of appeal to the Stock Exchange Appeals Committee.

As a member of the International Center for Settlement of Investment Disputes, the UK accepts binding international arbitration between foreign investors and the state. As a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the UK permits local enforcement on arbitration judgments decided in other signatory countries.

5. Performance Requirements and Investment Incentives

UK business contracts are legally enforceable in the UK, but not in the United States or other foreign jurisdictions. Performance bonds or guarantees are generally not needed in British commerce, nor is any technology transfer, joint venture, or local management participation or control requirement imposed on suppliers. Government and industry encourage prompt payment, but a tradition does not exist of providing an additional discount to encourage early settlement of accounts.

The UK offers a wide range of incentives for companies of any nationality locating in depressed regions of the country, as long as the investment generates employment. The Grants for Business Investment (GBI) program provided government grants to qualifying projects in parts of the UK needing investment to revitalize their economies, but closed on February 1, 2011. It was replaced by the Regional Growth Fund (RGF), a $5.3 billion (£3.2 billion) fund dedicated to helping companies through England create jobs between now and the mid-2020s. Its funds are aimed at supporting projects and programs that leverage private sector investment creating economic growth and sustainable employment, particularly in those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity. The allocation of RGF funds is spread between 2011 and 2017. Spending is made in several rounds to different bids. Each bid can be allocated to a minimum of $1.7 million (£1 million). Further information can be found at: http://www.bis.gov.uk/policies/economic-development/regional-growth-fund.

The June 2013 spending round allocated £600 million to project bids. Despite this, a 2014 report by the National Audit Office (NAO) determined that much of the funds allocated to the RGF remained unspent. The NAO found that around £492m had actually been allocated towards projects, but £425m is still being held by intermediaries. Additionally, it found that the number of jobs since the inception of the fund had increased to 44,000. This increase, however, is associated with a rise in the average cost for each job from £33,000 to £37,400.

Additionally, assistance can be obtained through the EU Structural Funds from 2014 to 2020. The UK will receive approximately $13.2 billion (€9.571 billion) in structural funds. $633 million (€457 million) will be allocated to Northern Ireland, $1.1 billion (€795 million) to Scotland, $2.9 billion (€2.145 billion) to Wales, and $8.6 billion (€6.174 billion) to England. The UK is currently working with the European Commission on what sorts of projects the funds will be allocated. The EU Structural Investment Funds (ESIF) Growth Programme that helps allocate the funds in England has stated that the funds will be allocated towards projects that promote sustainable and quality employment, promote social inclusion, combat poverty and any discrimination, and invest in education, training and vocational training.

Local authorities in England and Wales also have power under the Local Government and Housing Act of 1989 to promote the economic development of their areas through a variety of assistance schemes, including the provision of grants, loan capital, property, or other financial benefit. Separate legislation, granting similar powers to local authorities, applies to Scotland and Northern Ireland. Where available, both domestic and overseas investors may also be eligible for loans from the European Investment Bank.

6. Right to Private Ownership and Establishment

The Companies Act of 1985, administered by the Department for Business, Innovation and Skills (BIS), governs ownership and operation of private companies. On November 8, 2006 the UK passed the Companies Act of 2006 to replace the 1985 Act. The law simplifies and modernizes existing rules rather than make any dramatic shift in the company law regime.

BIS uses a transparent code of practice that is fully in accord with EU merger control regulations, in evaluating bids and mergers for possible referral to the Competition Commission. The Competition Act of 1998 strengthened competition law and enhanced the enforcement powers of the Office of Fair Trading (OFT). Prohibitions under the act relate to competition-restricting agreements and abusive behavior by entities in dominant market positions. The Enterprise Act of 2002 established the OFT as an independent statutory body with a Board, and gives it a greater role in ensuring that markets work well. Also, in accordance with EU law, if deemed in the public interest, transactions in the media or that raise national security concerns may be reviewed by the Secretary of State of BIS. In 2014, the Competition Commission and the OFT merged into a single Non Departmental Government Body, the Competition and Markets Authority. This new body is responsible for investigating mergers that could restrict competition, conducting market studies and investigations where there may be competition problems, investigating breaches of EU and UK prohibitions, initiating criminal proceedings against individuals who commit cartel offenses, and enforcing consumer protection legislation. This body is unlikely to alter UK competition policy.

Only a few exceptions to national treatment exist. For example, foreign (non-EU or non-EFTA, European Free Trade Association) ownership of UK airlines is limited by law to 49 percent. Registration of shipping vessels is limited to UK citizens or nationals of EU/EFTA member states resident in the UK. For some of these companies, restrictions of foreign ownership of ordinary shares apply. Citizenship requirements for certain senior executive and non-executive posts also apply for these enterprises. Foreign investment in financial services that are not covered by EU Directives on banking, investment, services, and insurance may be subject to a bilateral agreement.

The Takeover Panel, an independent authority that administers the City of London’s code on takeovers and mergers has revised its code as it relates to hostile takeovers and the impact on existing shareholders for the target firm. It has made a range of amendments to its code to reduce the negative impact of hostile takeovers, with the stated objective of: increasing the protection for offeree companies against protracted ‘virtual bid’ periods; strengthening the position of the offeree company; increasing transparency and improving the quality of disclosure; and, providing greater recognition of the interests of offeree company employees.

The privatization of state-owned utilities is now essentially complete. With regard to future investment opportunities, the few remaining government-owned enterprises or remaining government shares in other utilities are likely to be sold off to the private sector when market conditions improve.

7. Protection of Property Rights

The UK legal system provides a high level of intellectual property rights (IPR) protection. Enforcement mechanisms are comparable to those available in the United States. The UK is a member of the World Intellectual Property Organization (WIPO). The UK is also a member of the major intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works; the Paris Convention for the Protection of Industrial Property; the Universal Copyright Convention; the Geneva Phonograms Convention; and the Patent Cooperation Treaty. The UK has signed and, through various EU Directives, implemented both the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

In November 2010, Prime Minister David Cameron announced an independent review of the UKs IP framework, chaired by Professor Ian Hargreaves. The Hargreaves Review is the fifth in a series of IPR reviews since 2006 – the Gowers Review (2006), the Creative Economy Programme (2007), the Digital Britain Review (2008-2009) and the Copyright Strategy (2009).

The Hargreaves Review, released in May 2011, covers all aspects of how intellectual property (IP) is created, used and protected in the UK. It concludes that the current UK IP framework impedes innovation and economic growth and outlines ten recommendations to make the UK a more competitive IP marketplace. The UK government responded positively to the Review and has committed to acting upon all ten Hargreaves. Some of the more controversial recommendations include creating copyright exemptions around format shifting and clearing patent thickets.

The government is currently consulting with stakeholders and preparing draft legislative and regulatory remedies to address the Hargreaves recommendations. Legislative progress has been slow. In May 2013, the Intellectual Property Bill was introduced in Parliament. It proposes changes that would help businesses better understand what is protected under the law, thus reducing the need for costly litigation and providing greater certainty for investors in technology. As of September 2013, the IP bill has left the House of Lords and proceeded to the First Reading stage in the House of Commons. In February 2014, draft secondary legislation, known as The Copy Right Regulations 2014, and an Explanatory Memorandum and Impact Assessment, were introduced in Parliament. These draft regulations are intended to support a system of self-regulation by giving Government powers to close gaps that can emerge in the self-regulatory framework. This is intended to improve the effectiveness of collective licensing.

Patents:

Many of the key features of the UK Patents Act 2004 entered into effect on January 1, 2005. The Act is designed to bring UK patent law into line with the updated European Patent Convention (2000). The Act lifts restrictions on filing patent applications from abroad, with exceptions made for military technology and applications whose contents could affect UK national security. The Act expands options for non-binding, written opinions on patent infringement to be issued by the UK Patent Office. The legislation also lays out significant changes to the process of approaching alleged infringers (sometimes known as "threats"). The changes are designed to aid genuine attempts to settle infringement disputes while providing protection -- particularly to small and medium enterprises -- against frivolous threats. A UK patent application requires that an invention must be new, involve an innovative step, and be capable of industrial application. A patent cannot be granted in the UK for any invention used for offensive, immoral, or anti-social purpose, for any variety of animal or plant, or for a biological process used in its production. The UK IPO and the U.S. Patent and Trademark Office (USPTO) are cooperating in various ways (including a 2007 Patent Prosecution Highway (PPH) scheme) to allow U.S. or UK patent applicants who have received a report by either the UK IPO or the USPTO to request accelerated examination of a corresponding patent application filed in the other country.

Copyright:

The Copyright, Designs and Patents Act of 1988 grants the originator the exclusive right to assign those rights or to exploit them through copying, dissemination, publication, or sale. Computer programs and semiconductor internal circuit designs are included as works that are protected by this act. Under the terms of an EU Directive, which took effect in January 1988, databases are also protected in each EU-member country by the national legislation that implements the Directive.

Trademarks:

The UK submits to the WIPO system of international registration of marks, as governed by the Madrid Agreement and the Madrid Protocol. The UK Trade Marks Act of 1994 is the current law providing for the registration and protection of trade marks in the UK, and has been harmonized with EU Directive No 89/104/EEC. Trademarks are considered personal property in the UK, and are normally registered for a period of 10 years with an option to renew. However, trademarks may be removed from the register if a period of five years has elapsed, during which time there has been no bona fide use of the trademark in relation to the goods by the proprietor.

Trade Secrets/Confidential Test Data:

Commercially sensitive information is not itself specifically subject to legal protection, but the misappropriation of such information from business premises may be subject to criminal law. Action under employment law may also be taken against an employee who, by disclosing information, breaches a contract with his or her employer. In addition, confidential test data, submitted in conjunction with a registered application for pharmaceuticals or veterinary products, enjoys 10 years of exclusive protection from the date of authorization, provided the product is marketed in the UK.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Embassy point of contact: Jim Kuykendall - KuykendallJ@state.gov

Local lawyers list: http://london.usembassy.gov/us_attorneys_in_uk.html

8. Transparency of the Regulatory System

U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business. Common law prevails in the UK as the basis for commercial transactions, and the International Commercial Terms (INCOTERMS) of the International Chambers of Commerce are accepted definitions of trading terms. In terms of accounting standards and audit provisions firms in the UK must use the International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB) and approved by the European Commission. The UK's Accounting Standards Board provides guidance to firms on accounting standards and works with the IASB on international standards.

Statutory authority over prices and competition in various industries is given to independent regulators. These include the Office of Communications (OFCOM), the Office of Water Regulation (OFWAT), the Office of Gas and Electricity Markets (OFGEM), the Office of Fair

Trading (OFT), the Rail Regulator, and the Prudential Regulatory Authority (PRA). The PRA was created out of the dissolution of the Financial Services Authority (FSA) in 2013. The PRA reports to the Financial Policy Committee (FPC) in the Bank of England. The FPC is be headed by a new Deputy Governor (currently Andrew Bailey, who assumed his role 1 April 2013). The PRA is responsible for supervising the safety and soundness of individual financial firms, while the FPC takes a systemic view of the financial system and provide macro-prudential regulation and policy actions. The Consumer and Markets Authority (CMA) acts as a single integrated regulator focused on conduct in financial markets. These regulators work to protect the interests of consumers while ensuring that the markets they regulate are functioning efficiently. Most laws and regulations are published in draft for public comment prior to implementation.

The Coalition government has stated its ambition to reduce the regulatory burden on firms. To do so, they have established a Cabinet Office sub-committee to review all planned regulation inherited from the previous government, scrutinize all new regulation and implement the new ‘one in, one out’ rule of regulation. This rule, applied to new regulation from every government department, means that for every piece of regulation a department introduces, it must find a regulation to remove in order to keep the regulatory burden to a minimum.

9. Efficient Capital Markets and Portfolio Investment

The City of London houses one of the world's largest and most comprehensive financial centres. London offers all forms of financial services: commercial banking; investment banking; insurance; venture capital; private equity; stock and currency brokers; fund managers; commodity dealers; accounting and legal services; as well as electronic clearing and settlement systems and bank payments systems. London has been highly regarded by investors because of its solid regulatory, legal, and tax environment, a supportive market infrastructure, and a dynamic and highly skilled workforce. The financial and related professional services industry contributed approximately 12.6 percent of total UK GDP in 2013, employs around 1.16 million people, and contributes $1.1 trillion (£65 billion) in tax receipts (which is 11.7 percent of total UK tax receipts). While banks remained concerned that excessive regulation in the wake of the financial crisis could drive business and talent away from London, the UK is expected to maintain its position as a top financial hub.

UK banks have been particularly hard-hit by the global financial crisis. Large-scale lay-offs have been common over the past year. Mergers, nationalizations, and bank failures, have left a consolidated playing field. In 2011, Northern Rock, wholly nationalized by the government during the financial crisis, was sold back to the private sector (Virgin Money). In 2008, the Government also announced a series of "bank rescue measures" including taking large equity stakes in two key banks, the Royal Bank of Scotland and Lloyds Banking Group. Government stakes are managed at arm's-length by UK Financial Investments (UKFI) and are approved by the European Commission to comply with state intervention rules. In March 2014, however, UKFI announced it would sell 5.35 billion of the shares it holds in Lloyds, or around 7.5%. The sale will be worth around $7 billion (£4.1 trillion), reducing the government's stake in Lloyds to about 25 percent from 32.7 percent. The government currently holds about 81 percent of the Royal Bank of Scotland.

While the financial services sector did shrink over 2013, there has been a slight improvement in the start of 2014. Financial services employment has grown at its fastest rate since 2007. New job vacancies in the financial services sector were up 51 percent in December 2013 compared with a year earlier. Financial services employment, by the end of the first quarter in 2013, will be around 1.16m. This is still 52,000 lower than at the end of 2008. While there has been growth in the financial services sector, there is still a long way to reach pre-crisis levels.

Since the beginning of the financial crisis in 2008, the UK's economy has taken longer to recover than other G8 economies. Since contraction began in the second quarter of 2008, the UK has experienced a double dip recession and remains more than 3 percent below its pre-crisis GDP. Looking forward, growth is expected: 2.7% in 2014 and 2.3 in 2015, according to the Office of Budget Responsibility; with marginal increases every year following and expansion reaching to 2.6% by 2016-2017. In 2014, a challenged financial services sector, which struggles to adapt to increasing regulation; declines in North Sea oil and gas production; and the ongoing eurozone crisis will continue to weigh heavily on the UK economy. Housing prices in the U.K. have accelerated; with a shortage of homes for sale, this will put a further upward pressure on property values. Unemployment stands at 6.9% (February 2014). The BoE, whose quantitative easing program has helped stimulate the economy in recent past, now says its ability to ease further will have limited effect. Inflation is currently at 1.7 percent – below the BoE's 2.0 percent target rate.

Following fiscal stimulus under the previous Labour government, in 2010 the Coalition Government committed to a deficit reduction plan to cut $127 billion (£81 billion) from the budget, eliminate the structural deficit, and begin reducing the national debt by 2014-15. While reaffirming the Government's commitment to deficit reduction, in December 2012, Chancellor Osborne announced that the target of reducing public debt as a share of GDP by fiscal year 2015-16 would not be met, pushing the date out further to 2016-17. At the end of January 2014 the public sector net debt was £1,239.6 billion (74.6% of GDP). This compares with £1,158.4 billion (72.6% of GDP) at the end of January 2013. Debt-to-GDP is expected to peak in 2015-16 at 80% and then start declining.

In the Spring 2014 Budget, the Chancellor announced new forecasts predicting that the government will borrow 107.8 billion pounds in 2014, 6.4 percent less than in the 2012/13 financial year, compared to a 3 percent reduction targeted in December 2013. The U.K.'s public finances showed a slight improvement in February 2014 compared to a year earlier, but the gain may not be enough to meet the more ambitious borrowing targets set by Chancellor Osborne.

In the Autumn 2013 Statement, the Chancellor said the Government will take another year, until 2017-18, to eliminate the structural deficit. Since the financial crisis, Fitch, Moody's and S&P placed the UK on Negative Outlook, warning that the UK's coveted AAA bond rating may be in jeopardy if economic and fiscal recovery weaken further. In 2013, however, Fitch and Moody's placed the UK on Stable Outlook, while S&P again affirmed a Negative Outlook. The Coalition government views fiscal consolidation as essential to restore confidence in the UK economy and to avoid the fates of other European countries.

In all observable circumstances, foreign investors, employers, and market participants have been treated equally and benefit from government initiatives equally. There are no signs of increased protectionism against foreign investment, and none are expected. Recently, a

Parliamentary committee opened an investigation into tax avoidance by multinational companies, including several major U.S. firms. However, foreign and UK firms remain subject to the same tax laws, and several UK firm have also been criticized for tax avoidance.

Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. The principles involved in legal, regulatory, and accounting systems are transparent, and they are consistent with international standards. In all cases, regulations have been published and are applied on a non-discriminatory basis by the Prudential Regulatory Authority (PRA).

The London Stock Exchange is one of the most active equity markets in the world. London's markets have the advantage of bridging the gap between the day's trading in the Asian markets and the opening of the U.S. market. This bridge effect is also evident as many Russian and Central European companies have used London stock exchanges to tap global capital markets. The Alternative Investment Market (AIM), established in 1995 as a sub-market of the London Stock Exchange, is specifically designed for smaller, growing companies. The AIM has a more flexible regulatory system than the Main Market and has no minimum market capitalization requirements. Since its launch, the AIM has raised approximately $38billion (£24 billion) for more than 2,200 companies.

The UK banking sector is the largest in Europe. According to TheCityUK, 164 financial services firms from the EU are based in the UK and EU banks in the UK hold $2.3 trillion (£1.4 trillion) in assets, 17 percent of total UK bank assets.

10. Competition from State-Owned Enterprises (SOEs)

There are 20 state-owned, or partly-owned, enterprises in the UK, with a combined turnover of about $17.9 billion (£11.5 billion) in the year ending March 2011. The UK's state-owned enterprises are spread across a wide range of sectors. They range from large, well-known companies to small trading funds. Some of these, where appropriate, are due to be sold to the private sector over the next few years. The government has already successfully sold Northern Rock, the bank nationalized during the financial crisis in 2007. It has also sold its shares in Tote, the betting firm, for $444 million (£265 million).

The UK's Shareholder Executive, within the Department for Business, Innovation and Skills (BIS), works with government departments and management teams to help these companies perform effectively. It advises government ministers and officials on a wide range of shareholder issues including objectives, governance, strategy, performance, monitoring, board appointments and remuneration. It sets overall objectives for the businesses and agrees on a strategic plan with the board for delivering those objectives; the board is then accountable for delivery. Where appropriate, it appoints the Chair and actively participates in other board appointments. It sets compensation principles, works with the business to agree on dividend policy, and monitors performance. Under the terms of the Government-Owned Business Framework, the UK government must provide all external financing for state-owned business. Businesses are charged at the market rate to ensure they do not receive any commercial advantage from the ability to borrow at, or below, the market rate.

During 2008 and 2009, the UK government nationalized two banks, Northern Rock and Bradford & Bingley, and took significant stakes in the Royal Bank of Scotland (RBS) and Lloyds Banking Group. The government's stake in these banks is managed, at arm's-length, by UK Financial Investments (UKFI), a company wholly owned by HM Treasury. With the exception of Bradford & Bingley (which will be wound down), UKFI will execute an investment strategy for disposing of the investments through sale, redemption or buy-back. The UK government does not intend to be a permanent investor in UK financial institutions. The government has successfully sold the “good bank” section of Northern Rock to VirginMoney. Additionally, in March 2014, UKFI announced it would sell 5.35 billion of the shares it holds in Lloyds, or around 7.5%. Further sales of RBS and Lloyds are expected once market conditions improve. The rescue packages were authorized by the European Commission under EC Treaty state aid rules, which ensures state aid packages do not result in significant market distortions. At the end of 2009, the European Commission approved state aid measures for RBS and Lloyds but insisted on substantial divestments to limit market distortions. These divestments of retail branches have been fulfilled.

11. Corporate Social Responsibility

Businesses in the UK are accountable for some activities that fall under corporate social responsibility – such as human resources, environmental issues, sustainable development, and health and safety practices – through a wide variety of existing guidelines at national, EU and global levels. There is a strong awareness of corporate social responsibility principles among UK businesses, promoted by UK business associations such as the Confederation of British Industry and the UK government.

The UK government has signed up to the OECD's guidelines for Multinational Enterprises. The government is committed to the promotion and implementation of these guidelines and encourages UK multinational enterprises to adopt high corporate standards involving all aspects of the guidelines. The UK established a National Contact Point (NCP) to promote the guidelines and to consider allegations that a multinational enterprise's behavior is inconsistent with them. It is housed in the Department for Business, Innovation and Skills and is partially funded by the UK Department for International Development (DFID). A Steering Board monitors the work of the UK NCP and provides strategic guidance. It is composed of representatives of relevant government departments and four external members nominated by the Trades Union Congress, the Confederation of British Industry, the All Party Parliamentary Group on the Great Lakes Region of Africa, and the NGO community.

12. Political Violence

The United Kingdom is politically stable, with a modern infrastructure, but shares with the rest of the world an increased threat of terrorist incidents. On June 29 and 30, 2007, terrorists unsuccessfully attempted to bomb a nightclub area in London and the Glasgow airport. In August 2006, the UK government heightened security at all UK airports following a major counterterrorism operation in which individuals were arrested for plotting attacks against United States-bound airlines. On July 7, 2005, a major terrorist attack occurred in London, as Islamic extremists detonated explosives on three Underground trains and a bus in Central London, resulting in over 50 deaths and hundreds of injuries. Following the attacks, the public transportation system was temporarily disrupted, but quickly returned to normal. A similar, but unsuccessful attack against London's public transport system took place on July 21, 2005. UK authorities have identified and arrested people involved in these attacks. These attacks do not seem to have significantly impacted investment in the UK.

With the Northern Ireland Assembly elections of May 2011, Northern Ireland marked the successful completion of the first full term of representative, power-sharing government in its history. Despite continuing political stability and progress, certain small but potentially violent groups opposed to the peace settlement have targeted police, military, and justice-related entities with firearms and explosives. It is likely possible that these groups, to include dissident republican groups such as the Real IRA and Continuity IRA, will attempt future attacks on security targets. Most recently, in December 2012 and January 2013, violent frequent demonstrations have taken place in Belfast due to a decision by Belfast City Hall to limit the amount of days the Union flag will fly over the building. Some of these demonstrations have turned violent, resulting in injuries to police, opposition, and personal property; arrests; and, in some cases, criminal charges being brought against the participants. These demonstrations remain highly localized and do not negatively affect the positive overarching investment climate in Northern Ireland.

Environmental pressure groups in the UK have been involved with numerous protests against a variety of business activities, including airport expansion, bypass roads, offshore structures, wind farms, civilian nuclear power plants, and petrochemical facilities. These protests tend not to be violent but are disruptive and work toward obtaining maximum media exposure.

13. Corruption

Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK.

The UK formally ratified the OECD Convention on Combating Bribery in December 1998. The UK also signed the UN Convention Against Corruption in December 2003 and ratified it on February 8, 2006. The UK has launched a number of initiatives to reduce corruption overseas. The OECD Working Group on Bribery (WGB) criticized the UK's implementation of the Anti-Bribery convention. The OECD and other international organizations promoting global anti-corruption initiatives pressured the UK to update its anti-bribery legislation which was last amended in 1916. In 2007, the UK Law Commission began a consultation process to draft a Bribery Bill that met OECD standards. A report was published in October 2008 and consultations with experts from the OECD were held in early 2009. The new Bill was published in draft in March 2009 and adopted by Parliament with cross-party support as the 2010 Bribery Act in April 2010.

The Bribery Act 2010 came into force on July 1, 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. The scope of the law is extra-territorial. Under the Bribery Act, a relevant person or company can be prosecuted for bribery if the crime is committed abroad. The Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.

Section 9 of the Act requires the Government to publish guidance on procedures that commercial organizations can put in place to prevent bribery on their behalf. It creates the following offences: Active bribery - promising or giving a financial or other advantage;

Passive bribery- agreeing to receive or accepting a financial or other advantage; Bribery of foreign public officials, and; the failure of commercial organizations to prevent bribery by an associated person (corporate offence). The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faces charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

14. Bilateral Investment Agreements

The United States and UK have no formal bilateral investment treaty relationship, although a Bilateral Tax Treaty reviewed in 2008 specifically protects U.S. and UK investors from double taxation. The UK has its own bilateral tax treaties with more than 100 (mostly developing) countries and a network of about a dozen double taxation agreements.

The UK has concluded 104 Bilateral Investment Treaties (known in the UK as Investment Promotion and Protection Agreements) with other countries, of which 92 are in force. These countries are: Albania, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia, Bosnia & Herzegovina, Bulgaria, Burundi, Cameroon, Chile, China, Congo, Cote D'Ivoire, Croatia, Cuba, Czech Republic, Dominica, Ecuador, Egypt, El Salvador, Estonia, Georgia, Ghana, Grenada, Guyana, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Korea, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Saint Lucia, Senegal, Serbia, Sierra Leone, Singapore, Slovenia, South Africa, Sri Lanka, Swaziland, Tanzania, Thailand, Tonga, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, UAE, Uruguay, Uzbekistan, Venezuela, Vietnam, and Yemen.

15. OPIC and Other Investment Insurance Agreements

OPIC does not operate in the UK. Export-Import Bank (Ex-Im Bank) financing is available to support major investment projects in the UK. A Memorandum of Understanding (MOU) signed by Ex-Im Bank and its UK equivalent, the Export Credits Guarantee Department (ECGD), enables bilateral U.S.-UK consortia, intending to invest in third countries, to seek investment funding support from the country of the larger partner. This removes the need for each of the two parties to seek financing from their respective credit guarantee organizations.

16. Labor

The UK's labor force, that is, people of a working age (between 16 and 64) is the second largest in the European Union, at just over 40 million people. 30.19 million people were in employment as of January 2014, equivalent to 72.3 percent of the working age population. As of the same date, unemployment was 2.23 million or 7.2% of the workforce lower than the EU average of 10.6 percent. In September 2013, the largest proportion of the workforce was placed in the education, health, and public administration sector with 5.7 million people or 18.8 percent of the total work force.

The most serious issue facing British employers is a skills gap derived from a high-skill, high-tech economy outpacing the educational system's ability to deliver work-ready graduates. The government has placed a strong emphasis on improving the British educational system in terms of greater emphasis on science, research and development, and entrepreneurship skills. The UK's skills base remains just above the OECD average, but is improving.

About 26 percent of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to a much lower American percentage. Public-sector workers have a much higher share of union members -- nearly 60 percent -- while the private sector is about 15 percent. Manufacturing, transport, and distribution trades are highly unionized. Unionization of the workforce in the UK is prohibited only in the armed forces, public-sector security services, and police forces. Union membership has been relatively stable in the past few years, although the trend has been slightly downward over the past decade.

Once-common militant unionism is less frequent, but occasional bouts of industrial action, or threatened industrial action, can still be expected. Recent strike action has become more frequent as the Coalition Government's deficit reduction program impacts on highly unionized sectors. In the 12 months to January 2014, there were 447,000 working days lost from 119 official labor disputes. Most British unions have adapted to the reality of a globalized economy in which jobs are contingent on the competitiveness of their employers. Privatization of traditional government entities has accelerated such thinking. The Trades Union Congress (TUC), the British AFL-CIO equivalent, encourages union-management cooperation as do most of the unions likely to be encountered by a U.S. investor.

As of October 2013, the minimum wage is $10.58 (£6.31) for adults (those 21 and over) and $8.44 (£5.03) for young people (18-20) and $6.25 (£3.72) for workers aged 16 and 17. As of October 2010, a new rate of $4.49 (£2.68) was introduced for apprentices under 19 and apprentices over 19 who are in their first year of training.

Much of the employment legislation currently affecting the UK labor market is based on EU regulations and directives. EU regulations affect working patterns, wage structures, and employee protection rights. For example, the European Working Time Directive creates an entitlement to minimum daily and weekly rest periods, an average work-week limit of 48 hours, and restrictions on night work. It also entitles workers who meet the qualifying criteria, including part-time and seasonal workers, to a minimum of 28 working days annual paid holiday. The universal application of labor regulations across respective EU borders undermines British competitiveness to the extent that the UK has made its historically more flexible labor market a major selling point to investors. As it has implemented EU directives, however, the UK government has been proactive in maintaining its flexibility and competitiveness. For example, it negotiated a special provision under the Working Time Directive that allows employees to opt out of the work week limitations and has favored changes to the rules on temporary workers.

The 2006 Employment Equality (Age) Regulations make it unlawful to discriminate against workers, employees, job seekers and trainees because of age. The regulations cover recruitment, terms and conditions, promotions, transfers, dismissals and training. They do not cover the provision of goods and services.

The regulations also removed the upper age limits on unfair dismissal and redundancy. It sets a national default retirement age of 65, making compulsory retirement below that age unlawful unless objectively justified. Employees have the right to request to work beyond retirement age and the employer has a duty to consider such requests.

17. Foreign Trade Zones/Free Ports

The cargo ports and freight transhipment points at Liverpool, Prestwick, Sheerness, Southampton, and Tilbury that are used for cargo storage and consolidation are designated as Free Trade Zones. No activities that add value to the commodities are permitted within the Free Trade Zones, which are reserved for bonded storage, cargo consolidation, and reconfiguration of non-EU goods. The Free Trade Zones offer little benefit to U.S. exporters or investors, or any other non-EU exporters or investors.

18. Foreign Direct Investment Statistics

The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving $53 billion (£31 billion), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. The UK attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country, but this position is under threat, with Germany's share of FDI rising for the fifth year in a row to reach 16 percent. The United States remains the primary sources of foreign direct investment into the UK. In 2012, the United States contributed FDI positions to the UK of $331.2 billion (£197.5 billion), compared to $306.9 billion (£183 billion) in 2011.

The United States remained the most favored location for UK direct investment abroad in 2010, continuing the strong investment partnership between the two countries. By the end of 2010, 25.9 percent of UK-owned assets abroad were in the United States, reflecting a net position of $309.1 billion (£184.3 billion), although this was down by $68.1 billion (£40.6 billion) compared with 2009. This is the lowest level for direct investment in the United States by the UK since 2006. Non-EU European countries attracted much of the remaining outward UK FDI.

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	1,271,425	100%	**Total Outward**	1,810,315	100%
United States	331,296	26%	**United States**	333,657	18%
Netherlands	197,659	16%	**Netherlands**	214,872	12%
France	107,634	8%	**Luxembourg**	210,052	12%
Germany	84,093	7%	**France**	86,485	5%

Luxembourg	77,986	6%	**Ireland**	77,262	4%
"0" reflects amounts rounded to +/- USD 500,000					

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
World	3,758,317	100%	**World**	1,324,183	100%	**World**	2,434,134	100%
United States	929,229	25%	**United States**	383,872	29%	**United States**	545,356	22%
Germany	327,188	9%	**Ireland**	118,285	9%	**Germany**	268,955	11%
France	254,530	7%	**Japan**	78,165	6%	**Netherlands**	198,795	8%
Netherlands	233,534	6%	**Germany**	58,233	4%	**France**	198,199	8%
Ireland	210,158	6%	**France**	56,331	4%	**Brazil**	113,176	5%

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

Common law system; has nonbinding judicial review of Acts of Parliament under the Human Rights Act of 1998

International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council (observer), Australia Group, BIS, C, CBSS (observer), CD, CDB, CE, CERN, EAPC, EBRD, EIB, EITI (implementing country), ESA, EU, FAO, FATF, G-20, G-5, G-7, G-8, G-10, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MONUSCO, NATO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, PIF (partner), SELEC (observer), UN, UNCTAD, UNESCO, UNFICYP, UNHCR, UNIDO, UNISFA, UNMISS, UNRWA, UNSC (permanent), UPU, WCO, WHO, WIPO, WMO, WTO, ZC

Exchange control

There are no exchange controls in the UK.

Treaty and non-treaty withholding tax rates

United Kingdom has signed **148 agreements** (**124 DTC** and **24 TIEA** agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Albania	DTC	26 Mar 2013	not yet in force	Unreviewed	Yes
Anguilla	TIEA	20 Jul 2009	17 Feb 2011	Yes	Yes
Antigua and Barbuda	TIEA	19 Jan 2010	19 May 2011	Yes	Yes
Argentina	DTC	3 Jan 1996	1 Aug 1997	Yes	No
Armenia	DTC	13 Jul 2011	21 Feb 2012	Unreviewed	Yes
Aruba	TIEA	5 Nov 2010	1 Jan 2012	Yes	Yes
Australia	DTC	21 Aug 2003	17 Dec 2003	Yes	No
Austria	DTC	30 Apr 1969	13 Nov 1970	Yes	Yes
Azerbaijan	DTC	23 Feb 1994	3 Oct 1995	Unreviewed	No
Bahamas, The	TIEA	29 Oct 2009	7 Jan 2011	Yes	Yes
Bahrain	DTC	10 Mar 2010	19 Dec 2012	Yes	Yes
Bangladesh	DTC	8 Aug 1979	8 Jul 1990	Unreviewed	No
Barbados	DTC	26 Apr 2012	19 Dec 2012	Yes	Yes
Belarus	DTC	7 Mar 1995	not yet in force	Unreviewed	No
Belarus	DTC	31 Jul 1985	30 Jan 1986	Unreviewed	No
Belgium	DTC	1 Jun 1987	21 Oct 1989	Yes	Yes
Belize	DTC	1 Jan 1947	1 Jan 1947	No	No
Belize	TIEA	25 Mar 2010	1 Aug 2011	Yes	Yes
Bermuda	TIEA	5 Dec 2007	9 Dec 2008	Yes	Yes
Bolivia	DTC	3 Nov 1994	23 Oct 1995	Unreviewed	No
Bosnia and Herzegovina	DTC	6 Nov 1981	18 Sep 1982	Unreviewed	No
Botswana	DTC	9 Sep 2005	4 Sep 2006	No	Yes
Brazil	TIEA	28 Sep 2012	not yet in force	Yes	Yes
Brunei Darussalam	DTC	8 Dec 1950	8 Dec 1950	No	No
Brunei Darussalam	DTC Protocol	11 Dec 2012	not yet in force	Unreviewed	Yes
Bulgaria	DTC	16 Sep 1987	28 Dec 1987	Unreviewed	No
Canada	DTC	8 Sep 1978	17 Dec 1980	Yes	Yes

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Cayman Islands	DTC	15 Jun 2009	20 Dec 2010	Yes	Yes
Chile	DTC	12 Jul 2003	21 Dec 2004	Yes	No
China	DTC	26 Jul 1984	23 Dec 1984	Yes	No
Croatia	DTC	6 Nov 1981	18 Sep 2009	Unreviewed	No
Curaçao	TIEA	10 Sep 2010	not yet in force	Yes	Yes
Cyprus	DTC	20 Jun 1974	1 Nov 1974	Yes	No
Czech Republic	DTC	5 Nov 1990	20 Dec 1991	Yes	No
Côte d'Ivoire	DTC	20 Jun 1985	24 Jan 1987	Unreviewed	No
Denmark	DTC	11 Nov 1980	17 Dec 1980	Yes	No
Dominica	TIEA	31 Mar 2010	13 Dec 2011	No	Yes
Egypt	DTC	25 May 1977	23 Aug 1980	No	No
Estonia	DTC	12 May 1994	19 Dec 1994	Yes	No
Ethiopia	DTC	9 Jun 2011	21 Feb 2013	Unreviewed	Yes
Falkland Islands (Malvinas)	DTC	17 Dec 1997	18 Dec 1997	Unreviewed	No
Faroe Islands	DTC	20 Jun 2007	3 Jun 2008	Unreviewed	Yes
Fiji	DTC	21 Dec 1975	27 Aug 1976	No	No
Finland	DTC	17 Jul 1969	5 Feb 1970	Yes	No
Former Yugoslav Republic of Macedonia	DTC	8 Nov 2006	8 Aug 2007	Yes	Yes
France	DTC	19 Jun 2008	18 Dec 2009	Yes	Yes
Gambia, The	DTC	20 May 1980	5 Jul 1982	No	No
Georgia	DTC	13 Jul 2004	11 Oct 2005	Unreviewed	No
Germany	DTC	30 May 2010	1 Jan 2011	Yes	Yes
Ghana	DTC	20 Jan 1993	10 Aug 1994	Yes	No
Gibraltar	TIEA	27 Aug 2009	15 Dec 2010	Yes	Yes
Greece	DTC	25 Jun 1953	15 Jan 1954	Yes	No
Grenada	DTC	4 Mar 1949	4 Mar 1949	No	No
Grenada	TIEA	31 Mar 2010	10 Jan 2012	Yes	Yes
Guernsey	DTC	24 Jun 1952	24 Jun 1952	No	Yes
Guernsey	TIEA	20 Jan 2009	27 Nov 2009	Yes	Yes
Guyana	DTC	31 Aug 1992	18 Dec 1992	Unreviewed	No
Hong Kong, China	DTC	21 Jun 2010	20 Dec 2010	Yes	Yes
Hungary	DTC	7 Sep 2011	28 Dec 2011	Yes	Yes
Iceland	DTC	30 Sep 1991	1 Jan 1992	Yes	No
India	DTC	25 Jan 1993	26 Oct 1993	Yes	No
India	DTC Protocol	30 Oct 2012	not yet in force	Yes	Yes
Indonesia	DTC	5 Apr 1993	14 Apr 1994	Yes	No
Ireland	DTC	2 Jun 1976	23 Dec 1976	Yes	No
Isle of Man	DTC	29 Jul 1955	29 Jul 1955	No	No
Isle of Man	TIEA	29 Sep 2008	4 Feb 2009	Yes	Yes
Israel	DTC	20 Apr 1970	25 Mar 1971	No	No
Italy	DTC	21 Oct 1988	31 Dec 1990	Yes	No
Jamaica	DTC	16 Mar 1973	31 Dec 1973	Yes	No
Japan	DTC	2 Feb 2006	12 Oct 2006	Yes	Yes
Jersey	DTC	24 Jun 1952	1 Jan 1951	Yes	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Jersey	TIEA	10 Mar 2009	27 Nov 2009	Yes	Yes
Jordan	DTC	22 Jul 2001	24 Mar 2002	Unreviewed	No
Kazakhstan	DTC	21 Mar 1994	15 Dec 1996	Unreviewed	No
Kenya	DTC	31 Jul 1973	1 Jan 1974	No	No
Kiribati	DTC	10 May 1950	10 May 1950	No	No
Korea, Republic of	DTC	25 Oct 1996	29 Dec 1996	Yes	No
Kuwait	DTC	21 Jul 1999	1 Jul 2000	Unreviewed	No
Latvia	DTC	8 May 1996	31 Dec 1996	Unreviewed	No
Lesotho	DTC	17 Dec 1997	23 Dec 1997	Unreviewed	No
Liberia	TIEA	7 Nov 2010	30 Mar 2012	Yes	Yes
Libya	DTC	17 Aug 2008	8 Mar 2010	Unreviewed	Yes
Liechtenstein	DTC	11 Jun 2012	19 Dec 2012	Yes	Yes
Liechtenstein	TIEA	11 Aug 2009	2 Dec 2010	No	Yes
Lithuania	DTC	19 Mar 2001	28 Nov 2002	Yes	No
Luxembourg	DTC	24 May 1967	3 Jul 1968	Yes	Yes
Malawi	DTC	25 Nov 1955	25 Nov 1955	Unreviewed	No
Malaysia	DTC	10 Dec 1996	18 May 1998	Yes	Yes
Malta	DTC	12 May 1994	27 Mar 1995	Yes	No
Marshall Islands	TIEA	20 Mar 2012	not yet in force	Yes	Yes
Mauritius	DTC	11 Feb 1981	26 Oct 1987	Yes	Yes
Mexico	DTC	2 Jun 1994	15 Dec 1994	Yes	Yes
Moldova, Republic of	DTC	8 Nov 2007	30 Oct 2008	Unreviewed	Yes
Mongolia	DTC	23 Apr 1996	4 Dec 1996	Unreviewed	No
Montenegro	DTC	6 Nov 1981	16 Sep 1982	Unreviewed	No
Montserrat	DTC	19 Dec 1947	19 Dec 1947	Yes	Yes
Morocco	DTC	8 Sep 1981	29 Nov 1990	Unreviewed	No
Myanmar	DTC	13 Mar 1950	13 Mar 1950	Unreviewed	No
Namibia	DTC	28 May 1962	19 Dec 1962	No	No
Netherlands	DTC	7 Nov 1980	6 Apr 1981	Yes	Yes
New Zealand	DTC	4 Aug 1983	16 Mar 1984	Yes	Yes
Nigeria	DTC	9 Jun 1987	27 Dec 1987	No	No
Norway	DTC	14 Mar 2013	not yet in force	Yes	Yes
Norway	DTC	12 Oct 2000	12 Dec 2000	Yes	No
Oman	DTC	23 Feb 1998	9 Nov 1998	No	No
Pakistan	DTC	24 Nov 1986	8 Dec 1987	Unreviewed	No
Papua New Guinea	DTC	17 Sep 1991	20 Dec 1991	No	No
Philippines	DTC	10 Jun 1976	23 Jan 1978	Yes	No
Poland	DTC	20 Jul 2006	1 Jan 2007	Yes	Yes
Portugal	DTC	27 Mar 1968	20 Jan 1969	Yes	No
Qatar	DTC	25 Jun 2009	15 Oct 2010	Yes	Yes
Romania	DTC	18 Sep 1975	21 Nov 1976	Unreviewed	No
Russian Federation	DTC	15 Feb 1994	1 Jan 1998	No	No
Saint Kitts and Nevis	TIEA	18 Jan 2010	19 May 2011	Yes	Yes
Saint Lucia	TIEA	18 Jan 2010	19 May 2011	Yes	Yes
Saint Vincent and the Grenadines	TIEA	18 Jan 2010	18 May 2011	Yes	Yes

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
San Marino	TIEA	16 Feb 2010	27 Jul 2011	Yes	Yes
Saudi Arabia	DTC	31 Oct 2007	1 Jan 2009	Yes	Yes
Serbia	DTC	6 Nov 1981	16 Sep 1982	Unreviewed	No
Sierra Leone	DTC	19 Dec 1947	19 Dec 1947	No	No
Singapore	DTC	12 Feb 1997	26 Dec 1997	Yes	Yes
Sint Maarten	TIEA	10 Sep 2010	not yet in force	Yes	Yes
Slovakia	DTC	5 Nov 1990	20 Dec 1991	Yes	No
Slovenia	DTC	13 Nov 2007	12 Sep 2008	Yes	Yes
Solomon Islands	DTC	10 May 1950	10 May 1950	No	No
South Africa	DTC	4 Jul 2002	17 Dec 2002	Yes	Yes
Spain	DTC	21 Oct 1975	25 Nov 1976	Yes	No
Spain	DTC	14 Mar 2013	not yet in force	Yes	Yes
Sri Lanka	DTC	21 Jun 1979	21 May 1980	No	No
Sudan	DTC	8 Mar 1975	8 Oct 1977	Unreviewed	No
Swaziland	DTC	26 Nov 1968	18 Mar 1969	No	No
Sweden	DTC	30 Aug 1983	26 Mar 1984	Yes	No
Switzerland	DTC	8 Dec 1977	7 Oct 1978	No	Yes
Tajikistan	DTC	31 Jul 1985	18 Apr 1997	Unreviewed	No
Thailand	DTC	18 Feb 1981	20 Nov 1981	Unreviewed	No
Trinidad and Tobago	DTC	31 Dec 1982	22 Dec 1983	No	No
Tunisia	DTC	15 Dec 1982	20 Jan 1984	No	No
Turkey	DTC	19 Feb 1986	26 Oct 1988	Yes	No
Turkmenistan	DTC	31 Jul 1985	30 Jan 1986	Unreviewed	No
Turks and Caicos Islands	TIEA	22 Jul 2009	25 Jan 2011	Yes	Yes
Tuvalu	DTC	10 May 1950	10 May 1950	No	No
Uganda	DTC	23 Dec 1992	21 Dec 1993	Unreviewed	No
Ukraine	DTC	10 Feb 1993	11 Aug 1993	Unreviewed	No
United States	DTC	24 Jul 2001	31 Mar 2003	Yes	No
Uzbekistan	DTC	15 Oct 1993	10 Jun 1994	Unreviewed	No
Venezuela	DTC	11 Mar 1996	31 Dec 1996	Unreviewed	No
Viet nam	DTC	9 Apr 1994	15 Dec 1994	Unreviewed	No
Virgin Islands, British	TIEA	29 Oct 2008	12 Apr 2010	Yes	Yes
Zambia	DTC	22 Mar 1973	29 Mar 1973	No	No
Zimbabwe	DTC	19 Oct 1982	11 Feb 1983	No	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

DISCLAIMER

Part of this report contains material sourced from third party websites. This material could include technical inaccuracies or typographical errors. The materials in this report are provided "as is" and without warranties of any kind either expressed or implied, to the fullest extent permissible pursuant to applicable law. Neither are any warranties or representations made regarding the use of or the result of the use of the material in the report in terms of their correctness, accuracy, reliability, or otherwise. Materials in this report do not constitute financial or other professional advice.

We disclaim any responsibility for the content available on any other site reached by links to or from the website.

RESTRICTION OF LIABILITY

Although full endeavours are made to ensure that the material in this report is correct, no liability will be accepted for any damages or injury caused by, including but not limited to, inaccuracies or typographical errors within the material, Neither will liability be accepted for any damages or injury, including but not limited to, special or consequential damages that result from the use of, or the inability to use, the materials in this report. Total liability to you for all losses, damages, and causes of action (in contract, tort (including without limitation, negligence), or otherwise) will not be greater than the amount you paid for the report.

RESTRICTIONS ON USE

All Country Reports accessed and/or downloaded and/or printed from the website may not be distributed, republished, uploaded, posted, or transmitted in any way outside of your organization, without our prior consent. Restrictions in force by the websites of source information will also apply.

We prohibit caching and the framing of any Content available on the website without prior written consent.

Any questions or queries should be addressed to: -

Gary Youinou

Via our Contact Page at KnowYourCountry.com