

# Success of British companies in the rest of Europe

Keith Vaz, Minister for Europe, discusses the importance of the European Union for successful business...

**A**s Minister for Europe, I am delighted to talk about the success of British companies in the rest of Europe. In his recent speech in Warsaw, the Prime Minister outlined his vision of Europe as an economic powerhouse, as a force for democratic values and as a continent united in its belief in social justice. As such, the single market of this powerhouse will remain an area of massive business opportunity for British companies.

The EU market of 375 million people (500 million after enlargement) is the biggest single economic and political partnership in the world. Britain sends over 58 per cent of its goods exports to the EU market (up from 35 per cent in 1973), bringing jobs and foreign investment to the UK. The trade in goods accounts for 11 per cent of national GDP. UK exports in goods with the Single Market were worth £97bn last year. Not only are eight of Britain's top ten trading partners in the rest of Europe, but 30-40 per cent of UK SMEs trade within the EU.

First, I would like to set out why access to the single market, along with influence over its rules, is crucial to Britain. Then I wish to show some of Britain's many successes in this European market. Finally, I want to demonstrate this Government's commitment to making our European single market as competitive as possible.

We must remember that Europe's single market, which accounts for 38 per cent of world trade, is based on fundamental principles of free movement of goods, services, people and capital. It exists and functions because it is underpinned by rules agreed by Member States and enforced by the European Commission.

The Single Market has made companies more competitive and products cheaper. For example, the price of air travel from the UK to the rest of Europe has halved in the last ten years. Competition in the liberalised EU telecoms market has led to 50 per cent cheaper calls. A three minute call to Italy cost £1.86 in 1989 but only 91p in 1999. We are pushing for further liberalisation in these and other areas to drive prices even lower for consumers and companies.

Free movement of goods legislation prevents Member States from blocking import of British goods legally marketed or produced in the UK. Competition is enhanced by easier customs/border crossings, saving British businesses £135m per year and reducing delivery time by up to 20 per cent.

Thousands of Britons take advantage of free movement in EU, for example, in 1997, 450,000 British citizens were living in other Member States and 100,000 were working in them, from professors to construction workers. There will be full recognition of UK's different professional systems in law, medicine, architecture and accountancy throughout Europe.

The Single Market brings huge inward investment to the UK, not just from our EU partners, but from companies around the world anxious to establish a base in Europe's Single Market. Due to our full EU membership, 50,000 new jobs have been created in the UK last year alone. Independent research shows that up to 3.5 million jobs are linked to some extent to trade with the EU.

The Single Market means that at least 4200 US companies and over 1000 Japanese invest in the UK and that 500 foreign banks also invest in London; more than any other financial centre in the world.

The UK receives:

- 23 per cent of all inward investment into the EU
- 40 per cent of all Japanese investment
- 40 per cent of US investment
- 50 per cent of Korean investment.

Foreign direct investment in the UK continues to rise, valued at £252.4bn in 2000, a rise of 23 per cent on the figure for 1999.

Single market also means that increasing number of contracts for public procurement is open to competition. In 1998, €137bn worth of public procurement was open to

competition (a rise of 130 per cent on the figure for 1993). And the EU is drawing up new rules to make public procurement more accessible to SMEs.

Inward investment has created Scotland's 'Silicon Glen': 15 per cent share of total European semiconductor capacity, producing 32 per cent of branded PC's in Europe, 65 per cent of Europe's automated teller machines and nearly 80 per cent of Europe's workstations.

As Minister for Europe, I hear from thousands of British companies who are successful in Europe, and read about many more in publications such as this. A short article (such as this) does not permit me to give you more than a few examples of the wide range of British business in Europe. However, I will give you some to wet your appetite.

Avon Cosmetics sells the whole cosmetics range to almost all of the European countries. Avon employs over 2,000 people in the UK. 80 per cent of goods manufactured are for export, and of that 60 per cent go to the EU. 300 jobs in Northamptonshire depend on the company's trade with Europe. Avon is gearing up for Enlargement of the Single Market. In recent years sales to Eastern Europe have grown rapidly.

From the early 1990s sales throughout Europe across the range of Barbour waxed jackets (Newcastle) boomed. Barbour sells 90 per cent of its exports to Europe, the key markets being Germany, Italy, Spain and Scandinavia. The success in exporting to Europe makes a major contribution to maintaining some 520 jobs in Barbour worldwide.

Eurocool is a small start up internet company, based in London, which is the largest internet seller of palm pilots in Europe. These electronic organisers can be used to download information from the internet or personal computers. They have become one of the fastest growing consumer products since introduction of the television. Now over 30 per cent of the company's order come from other EU countries.

Europe matters even to the very smallest of companies. CP Ceramics, a tiny terracotta gardenware operation based on the flower market at Columbia Road has achieved great export sales in Europe. Exports to Europe account for 30 per cent of turnover. British goods are snapped up in German and Dutch catalogues which sell CP Ceramics successful garden range. CP Ceramics is a small business with four employees. Its European trade is vital to its continuing success

Finally, I want to highlight what this Government is doing to help British companies in the European Single Market.

Last year the Prime Minister, Tony Blair agreed with our European Partners at the Lisbon European Council a goal

to make Europe the most competitive knowledge-based economy in the world by 2010. With English as the international language of technology, the UK is well placed to play a leading role. The 'economic reform' project is progressing swiftly.

This is a 10 year project, but we are already making rapid progress. Just three months after Lisbon, at the Feira Summit, the leaders of Europe agreed an e-Europe action plan, a charter to help small enterprises and a new strategy on scientific research.

The Stockholm summit this year (March 2001) will also devote itself to economic reform. The Prime Minister and his Spanish counterpart wrote to their fellow EU leaders and Romano Prodi in October, setting out ideas of a strategy for taking forward the economic reform agenda. This government is committed to Europe as it remains our best source of business opportunities.

In September 2000, the Government launched the 3es initiative (e-business, exports and the euro) to help business respond to the challenge created by the euro and e-business.

The Chancellor too has reiterated the importance of economic reform and business in and with our European partners:

... "Europe is where we are, where we trade from, where thousands of businesses and millions of jobs come. Europe gives us access to a market of 375 million people and three quarters of a million companies have links with a Europe on which half our trade depends... as Britain's business have rightly said, the challenge today is not to restrict the Single Market or retreat from it, but to extend the Single Market." (CBI conference, 6 November 2000)

The European Single Market remains a wonderful investment opportunity for British businesses. Many of the thousands of companies that already trade in the single market flourish precisely because of their close ties with our European partners. As Minister for Europe, I am proud to promote the benefits of EU membership in both the UK and the EU. The reasons I have given in this article only begin to demonstrate the advantages to British business of EU membership. I say to your readers the same as I do to the cities I visit around the UK; "Britain: the EU is good for you."



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