




BritishAmericanBusiness

Building on a Solid Foundation

The Business Case for a UK-U.S. Free Trade Agreement



A photograph of an American Airlines widebody aircraft at London Heathrow Airport. The aircraft is white with a red and blue striped tail. A cargo loader is positioned at the front of the plane, and a person is visible on the loader. The scene is set at dusk or dawn, with a blue sky and some airport infrastructure visible in the background.

American's cargo-only services enables us to transport important pharmaceuticals, mail, and fresh food supplies to assist with the global relief effort and to keep the economies of the United Kingdom and the United States moving. I am incredibly proud of the vital role our people and aircraft are playing to continue to connect the world and to reach communities in need.

Rhett Workman, Managing Director London Heathrow, American Airlines

The cover of this publication features an American Airlines widebody aircraft being loaded with cargo at London Heathrow Airport, bound for the United States. In normal times, planes like this would carry over 331 kilotons of goods each year and over 125,000 passengers a month between the U.S. and the UK. Every piece of equipment shipped, every passenger flying across the Atlantic stands for the special trade and investment relationship that the U.S. and the UK enjoy.

Since the start of the health crisis, American Airlines aircraft have flown over 3 million kilograms or 6.6 million pounds of freight across the Atlantic – almost 50,000 kilograms or 110,000 pounds every single day – a large portion being pharmaceuticals for patients in need.

Trade and investment helps our economies prosper. In a time of crisis, trade and investment can help us save lives.

The UK-U.S. trade and investment relationship is a historic success story.

Thousands of American and British companies trade and invest every day across the Atlantic; many have done so for over 100 years.

They contribute to UK and U.S. growth. They are part of communities. They are part of local identities.

They make the UK and the U.S. each other's single largest source of foreign direct investment.

Millions of workers have jobs thanks to this relationship.

Consumers enjoy the quality, variety of, and access to American and British products.

It is a relationship that represents strength, history, innovation, and optimism.

It is a relationship built on a strong common past. It is a relationship which can propel us into the future.

Our foundation is solid. We now have an opportunity to build on it.

Growing Potential

The UK is too small as a market. If international markets were not available, we would go under.

Angela Spang, Founder, JUNE Medical

Every day British and American firms trade goods and services across the Atlantic. Whether a new Jaguar F-PACE is exported from its manufacturing site in the West Midlands to a home in the US, or a greeting card designed and produced in Oakland, California, is sold in a British high street store; whether IT services provided by a London-headquartered company to customers all over the U.S. via its office in New York, or the brand new trainers, proudly 'Made in the UK' by the U.S. company New Balance that you wear to work out – many of us enjoy American and British goods and services as part of our daily lives.

Tens of thousands of American and British companies have chosen the transatlantic corridor as part of the company growth strategy. Some of them, like the Ford Motor Company which opened its first plant outside the US in 1911 in Trafford Park, Manchester, or the global technology firm, IBM, which established its UK presence in 1912, have traded and done business across the Atlantic for decades, sometimes for over 100 years. Others have only recently arrived, like the London-based design and technology firm Matter of Form who announced its U.S. expansion earlier this year. Or the medical device manufacturer JUNE Medical, based in High Wycombe, UK, who have now made the U.S. the biggest market for their flagship product. What all these businesses have in common: they have made the transatlantic corridor a key part of their business growth story.

However, there is room for more. There are hundreds of American and British companies who have yet to make the step across the Atlantic. Like AirPure from Bury, Lancashire, who hope that, after having registered trademarks for their fragrances in the US, they can now find a way to bring their products to the American market. Or Evidence Based Education from Sunderland, who hope to finalize a U.S. market entry strategy this year.

Whether it be reducing tariffs on British-produced sportswear or U.S.-produced seafood, or removing customs barriers or aligning certification processes; whether it be establishing a common framework for digital trade, joint collaboration on advancing research in new technologies, or simply new tools that help companies find the information they need so they can embark on the expansion journey, a comprehensive Free Trade Agreement (FTA) between the UK and the U.S. can grow existing potential and create new opportunities.

A FREE TRADE AGREEMENT CAN...

 **REDUCE**

 **TARIFFS**

REMOVE  **CUSTOMS BARRIERS**

 **MAKE IT EASIER
FOR COMPANIES
TO EXPAND ACROSS
THE ATLANTIC**

Fulfilling Growth Ambitions

A UK-U.S. Free Trade Agreement will make it easier for SMEs, like the thousands that UPS works with daily, to export and expand across the Atlantic. This means more jobs, more investment, and better livelihoods.

Richard Currie, Director of Public Affairs, UPS

Both in goods and services, most American and British companies that trade across the Atlantic are not large, but smaller businesses. In the UK, only 1 in 10 companies exporting to the U.S. is a large business. Dealing with the bureaucracy of exporting and importing can be expensive. While larger businesses have the resources to manage complicated trading frameworks, smaller businesses often do not.

Official analysis and daily practice confirm that there are hundreds of things that can hold small businesses back when looking to expand abroad. Companies struggle with extensive customs paperwork, the registration of Intellectual Property (IP), or they worry about high tariffs. Others worry about visa requirements, or whether their products meet local standards and regulations. It took shower tray manufacturer Just Trays from Leeds in Yorkshire several years to get approval for one of their flagship products. It is time to make this easier for all companies.

There are thousands of American and British firms with amazing products and services who have yet to discover the potential that trading abroad can deliver to them. A Free Trade Agreement may not be able to remove all barriers. But if it can help simplify and align UK-U.S. customs procedures and other administrative processes, it will save companies time and money. By allowing companies to get goods to their new destination more efficiently, a Free Trade Agreement can help fulfill growth ambitions. We have reason to be optimistic. Based on a recent survey conducted among smaller businesses in the UK, the overwhelming number of them see the U.S. as their top export market in the coming years.

**IN THE UK,
9 OUT OF 10 COMPANIES
THAT EXPORT TO THE U.S. ARE
SMALL OR MEDIUM-
SIZED BUSINESSES**



Shaping Communities

MSD has a proud heritage in the UK. We have had a presence here for over 80 years. Our Cramlington pharmaceutical manufacturing facility in the North East of England began operating in 1975 and produces over 5 billion tablets each year. Several generations within families work at our Cramlington site which employs around 400 people today.

David Peacock, Managing Director, MSD UK & Ireland

Whether it be Xtrac, a British transmission technology specialist that supplies gear to the Indycar series in Indianapolis, Indiana, or Dexcom, the California-based leader in continuous glucose monitoring technology, which established its European headquarters in Edinburgh, Scotland; with a good product or service often comes the decision to bring the product or service closer to its customers. The result is that over 7,500 U.S. companies are already active in the UK. British firms have a presence in every single U.S. state.

Every year, we celebrate new foreign investments made by British and American firms in both markets and we champion the commitments that these companies make to the transatlantic corridor. Like NBCUniversal, one of the world's leading media and entertainment companies, which regularly commits to producing key productions like Downton Abbey, in the UK. Or the security company SimpliSafe from Boston, Massachusetts, that in 2019, selected Manchester as their new UK headquarters. Or Cubico Sustainable Investments, a UK-based global company, which acquired and started construction on several renewable energy projects throughout the U.S. last year, including in South Carolina and Texas.

All these companies bring large amounts of investment into our countries that translate into jobs, new buildings, and new products and services. But equally important, through their growth overseas, they shape local communities.

TRANSATLANTIC INVESTMENT BRINGS

**NEW JOBS
NEW BUILDINGS
NEW PRODUCTS
& SERVICES**



**AND IT SHAPES
LOCAL
COMMUNITIES**

Several generations within families, for example, work for Caterpillar's largest UK site in Peterborough, or MSD's pharmaceutical manufacturing facility in Cramlington, UK. Through scholarship and community programs, UK-headquartered BAE Systems, for which the U.S. is the most important foreign market, has become an integrated part of the American communities where their employees live and work. Jaguar Land Rover has a dedicated program to hire U.S. military veterans for its retail network. The program has hired over 300 veterans since launching in 2016 and continues to grow.

By bringing our countries economically closer through a Free Trade Agreement, we can grow investment and shape communities. It will encourage American and British firms to invest further in both markets and will sustain and grow their roles as an integral and vital part of local communities.

Securing & Creating Jobs

Trade with U.S. has been a key factor in our growth and we substantially increased our workforce in the UK, doubled in fact, based on trade with the U.S.

Richard Paxman, CEO, Paxman Coolers Ltd.

There are thousands of examples that prove to us that trade and investment secures and creates jobs. The scalp cooling technology firm Paxman Coolers, based in Huddersfield, UK, for example, doubled their UK workforce since the successful introduction of their product to the U.S. market. Cleveland Clinic, the Ohio-headquartered non-profit academic medical center, arrived in the UK with only a handful of employees three years ago to develop and launch a new hospital. Today, the organization employs several hundred employees at its London site. In January, the social media and technology company Facebook announced it would add up to 1,000 new jobs in Britain, bringing the total workforce to 4,000.

Between 2013 and 2018, more than 500,000 new jobs have been created thanks to bi-lateral trade and investment in both the UK and the U.S. These are hundreds of thousands of families with an income and a future. Important to note: These are often additional jobs that would not have existed otherwise.

Strengthening the transatlantic corridor through a Free Trade Agreement will secure existing jobs and create new ones. The logistics firm UPS, which employs around 9,000 workers in the UK and approximately 362,000 workers in the U.S., has made significant investments in recent years and continues to do so. In particular, a 350,000-square-foot hub at DP World London Gateway, UPS's second largest operation outside the U.S., and a state-of-the-art training centre in the Midlands. UPS also reports that historically, after the implementation of bilateral trade agreements, the volume of packages has increased by up to 20%. Every single one of these packages can help sustain existing jobs and equally important, create new ones too.

**BETWEEN 2013-2018
MORE THAN
500,000
NEW JOBS 
WERE CREATED IN
BECAUSE OF TRANSATLANTIC
TRADE & INVESTMENT**

Fostering Innovation

We use satellite imagery, soil sensors, environmental data, and machine learning to help crop growers and others in agricultural supply chains improve production and yields. Making it easier to set up and expand in the U.S. would allow us to improve our services, make it easier to work with U.S. based suppliers, and help many more farmers.

David Carter, Founder, Deep Planet

Whether it be Fintech in the UK, or 3D printing technology in the U.S., both the UK and the U.S. are known for their global leadership in innovation. Trade and investment play a major role in creating innovation success stories.

American life sciences companies, for example, spend hundreds of millions of pounds on research and development in the UK. Thousands of British patients benefit from the hundreds of clinical trials conducted in Britain for new innovative medicines. California-based company Beyond Limits, a pioneer in Artificial

**THOUSANDS
OF BRITISH PATIENTS
BENEFIT FROM MEDICAL
TRIALS RUN IN THE UK BY
AMERICAN
LIFE SCIENCES
COMPANIES**



Intelligence (AI) technology, is being supported by the British oil and gas company BP – the largest foreign investor in the U.S. – helping them to accelerate research into new industrial-grade AI software.

Enabling innovative players to join forces through a Free Trade Agreement, for example through regulatory alignment in future technologies or by making a shared commitment to the highest standards in IP protection, can spur innovation further. Moreover, in Fintech, AI, Life Sciences, Internet of Things (IoT), or quantum computing, wherever the UK and the U.S. can join forces, it will help them to stay ahead of the global competition.

Creating More Choice And Better Access

We're particularly disadvantaged by the current regulatory trade barriers, as the tariff classification penalizes "bicycles for children" based on wheel size, and we make a small-wheeled adult bicycle. An FTA would dramatically improve our ability to invest in growing the U.S. business, which ultimately provides reliable, healthy and zero emission transport for thousands of Americans while solving problems of bicycle storage and theft for city-dwellers and workers.

Rich Spencer, North America President, Brompton Bicycle

Trade increases the choice of goods available to consumers and businesses. The famous Brompton bicycle, manufactured in London, is already being enjoyed and loved by bicycle riders in many major U.S. cities. Mobile scanning devices from Zebra Technologies, headquartered in Lincolnshire, Illinois, are widely deployed in UK hospitals and private enterprises.

Every year, new innovative products are being added to the range of products British and American consumers and businesses can enjoy. Like Square's payment tools which, after having been introduced to the UK market in 2017, help British businesses accept payments in store and online. Or Vegware from Edinburgh, Scotland, who introduced its compostable foodservice packaging to the U.S. market the same year.

Yet, especially in highly regulated areas, such as food and drink, healthcare, the automotive industry and even bathroom manufacturing, it can sometimes take years for a new product to make its way across the Atlantic due to existing trade barriers.

Regulation and high standards are important to ensure quality and safety in advanced economies. A Free Trade Agreement can help create better processes for products to meet these standards where the same level of quality and safety is ensured in both countries, allowing for better access to products from across the Atlantic, benefitting consumers and businesses alike.

**BETTER ACCESS
TO QUALITY PRODUCTS
ACROSS THE
ATLANTIC
FOR CONSUMERS
AND BUSINESSES**



Setting New Standards

Both the UK and the U.S. are already leading e-commerce markets, but a UK-U.S. FTA can make it even easier for companies to understand export and import requirements and navigate customs procedures. This will mean more companies trading and more options for consumers, and will allow us to invest more in growing the U.S. as a premier export opportunity.

Simon Bird, CEO, RevLifter

A Free Trade Agreement sets out the trading rules between two or more partners with the aim to facilitate trade and investment. But a modern Free Trade Agreement can be more: it can create a gold standard for others to follow.

The latter is particularly true in forward-looking areas such as digital trade or sustainable development. These are areas that British and American companies already embrace as part of their future growth strategies. In fact, digitally enabled services are a significant part of transatlantic trade today through companies such as the British e-commerce deals personalization platform RevLifter, who successfully serve clients on both sides of the Atlantic. Or the space-to-cloud data and analytics firm, Spire, who has North American presence in addition to choosing Glasgow, Scotland, as a headquarters for global satellite production.

By establishing common rules for e-commerce, the flow of private and industrial data, the development of blockchain technology, driverless cars, or by fostering joint research and development on green technologies, both the UK and the U.S. can set new standards for global trade to the benefit of their economies, businesses and people, and for others to follow.

**THE UK & U.S.
CAN SET NEW
STANDARDS FOR
GLOBAL
TRADE**



Making Our Economies Safer

Cyber threats can disrupt supply chains, create uncertainty, and ultimately erode trust in businesses. Having a strong cybersecurity framework and a focused supplier cyber resiliency program covering supplier assessment, remediation and validation must be included in a future UK-U.S. FTA. This sends a strong message about a shared commitment to transatlantic and global security & prosperity.

Greg Inge, CEO, CQR

A Free Trade Agreement is a tool to increase trade and investment. Its provisions, however, can go far beyond that. A good example is cyber security. Trade and cyber security are increasingly intertwined. With the growth of e-commerce and digital services comes the risk and cost of cyber-attacks. In the UK, almost half of all businesses have suffered a cyber security breach or attack, with the majority of businesses saying that cybersecurity is a key business priority.

The UK and the U.S. already collaborate on a wide range of cyber issues. British security officials are working closely with their U.S. counterparts, sharing information about threats from terrorism or cyberattacks and how to fight them. Since 2015, both the UK and the U.S. have committed to closer cooperation between governments, and between government and the private sector by strengthening cooperation on cyber defense, supporting academic research on cyber issues, and improving critical infrastructure on cyber security in the UK and the U.S.



CYBER ATTACK

A Free Trade Agreement can build on this existing collaboration by making specific provisions part of the trading framework that help governments access and assess information quickly, making our businesses, economies, and people safer.

Committed to Shared Prosperity

Trade has brought prosperity for billions of people around the world, including in the UK and the U.S. It has fostered innovation, shaped communities, and delivered jobs. This is a positive story, and one that needs to be championed by the business community nationwide.

With the UK and the U.S. coming together, there is an opportunity to reaffirm the commitment to free and fair trade, and to the benefits that trade and investment bring to their economies, and the world. It is an opportunity to create an agreement that works for big and small businesses, farmers, consumers, and workers alike. In both major cities, and small towns and villages.

Whether it be adapting our infrastructure to new needs as the nature of how we work evolves, using data in a safe and innovative manner, or enhancing culture exchange across the Atlantic, a Free Trade Agreement between the UK and the U.S. is an opportunity to combine the strengths, skillsets, and ambitions of both of our countries. It is an opportunity to reaffirm the UK's and U.S.' commitment to our shared prosperity.

**AN AGREEMENT
THAT WORKS FOR
BIG & SMALL BUSINESSES
FARMERS
CONSUMERS &
WORKERS**



BritishAmerican Business is the leading transatlantic trade association created as a result of the merger between the British-American Chamber of Commerce in the U.S. and the American Chamber of Commerce in the UK.

We sit at the heart of a vibrant and successful business community who make the UK-U.S. trade and investment relationship one of the most successful economic corridors in the world.

We have long advocated for and worked towards further economic integration between the US and the UK.

We are excited about the prospect of a UK-U.S. Free Trade Agreement.

We look forward to being a partner and facilitator, a source for insight and expertise, and a champion for trade in the months to come.

BABN | **BRITISH-AMERICAN BUSINESS NETWORK** In both the UK and the US, BAB participates in and serves the BritishAmerican Business Network, a network of 20 independent organisations dedicated to BAB's mission and purpose.

This publication is endorsed by large and small transatlantic businesses across the UK and U.S.

Why now?

These are clearly unprecedented times for our economies, businesses, and communities.

There is no doubt, fighting and overcoming the health crisis is the number one policy priority.

We are proud of, and grateful for the work British companies in the U.S. and American companies in the UK do to help develop solutions to this crisis, to offer resources and services, support the vulnerable, and to keep our economies running.

We need to do everything we can to protect people and save lives.

We need to look at all the ways to support our economies and the businesses that give people jobs and keep our countries going.

We need to look for ideas that provide optimism, future growth, and opportunity.

Transatlantic trade and investment has been a pillar of strength, stability, and growth for our economies.

Transatlantic trade and investment will be one of the cornerstones of a vigorous economic rebound.

A UK-U.S. Free Trade Agreement is what will help us achieve that.

Join us in helping to make a UK-U.S. Free Trade Agreement a reality.

It is a relationship built on a strong common past. It is a relationship which can propel us into the future.

Our foundation is solid. We now have an opportunity to build on it.