

THE RELATIONSHIP BETWEEN LONDON AND EUROPE - FACTS AND FIGURES



London is placed in the top three cities by most global indices¹. Its relationship with Europe is a fundamental part of its status as an international city; the capital has more foreign subsidiaries of global companies than any other city².

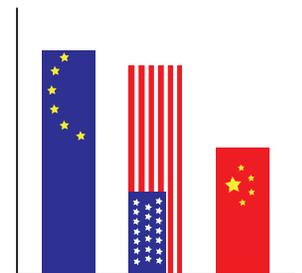
London First's Boardroom Barometer revealed that 84% of the CEOs and senior executives surveyed across London are in favour of remaining in the EU³.

They recognise that:

The Single Market has increased the opportunity to trade and that there remains substantial upside from the completion of the Single Market in services

- ★ 30-40% of London's exports are to the EU⁴.
- ★ With GDP of \$17.35 trillion in 2013, the EU economy is the largest in the world, ahead of the USA (\$16.8 trillion), and almost twice the size of China (\$9.2 trillion)⁵.
- ★ Membership of the Union provides access to a potential consumer market of 500 million people, approximately 7% of the world's population⁶.
- ★ London is well placed to benefit from the removal of further barriers to the single market in services and technology. Completion of the European digital single market alone is estimated to be worth an additional 4% to European GDP⁷.

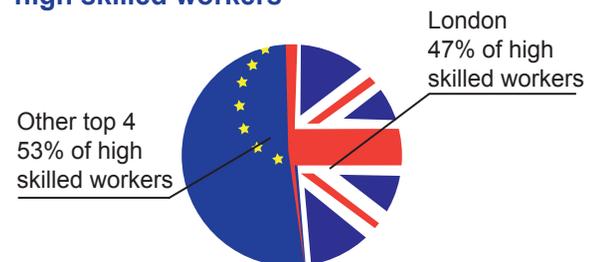
GDP of largest global economies



The migration of people between the UK and Europe has fuelled London's economy as well as providing opportunities for Britons in Europe

- ★ The EU's labour force comprises 246 million compared to 159 million in the US⁸.
- ★ 1.8 million UK citizens live and work in other EU countries⁹.
- ★ Access to talent underpins London's success, with more high skilled workers than any other city. London employs 47% of the combined total of all high skilled workers in the top 5 European cities¹⁰.
- ★ Over the last decade, EU migrants to the UK made a net fiscal contribution of £22 billion¹¹.

Top 5 European cities for high skilled workers



1 Ipsos MORI Top Cities Index, 2013

2 McKinsey Large Companies Database; McKinsey Global Institute analysis, 2014

3 London Boardroom Barometer, London First & Deloitte, December 2013

4 GLA Analysis of London's Exports, Working Paper 50, GLA Economics, December 2011

5 The World Bank Open Data, 2013

6 Speech by Rt Hon George Osborne MP to Open Europe conference on EU reform, 15 January 2014

7 European Policy Center. 'The Economic Impact of a European Digital Single Market' Copenhagen Economics, March 2010

8 The World Bank Open Data, 2013

9 National Online Manpower Information System, for Office of National Statistics, 2014

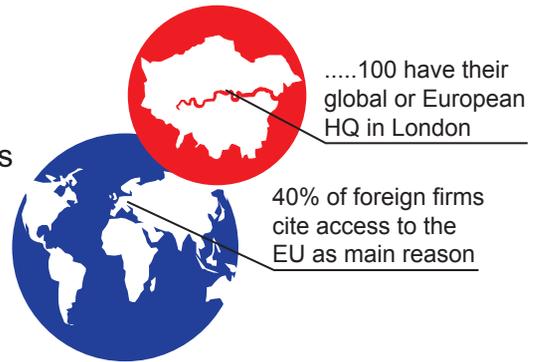
10 London Futures. Globaltown: Winning London's crucial battle for talent, Deloitte 2013

11 Dustmann and Frattini, The Fiscal Effects of Immigration to the UK, Discussion Paper Series CDP No 22/13, Centre for Research and Analysis of Migration, UCL, November 2013

The terms and consequences of an exit from the EU are unclear...

- ★ London handles trade in 78% of the world’s largest asset class, foreign exchange¹² - worth \$5.3 trillion per day¹³. London’s success as a global financial centre is partly explained by the fact that it is Europe’s financial capital, benefitting from the progressive removal of barriers to trading across borders¹⁴.
- ★ The terms on which the UK might exit the Union are unclear. The only evidence we have of what the relationship might look like is provided by members of the European Economic Area (EEA) and European Free Trade Association (EFTA). But for these countries to have access to EU markets, they still have to comply with EU rules, **Of the top 250 of the world’s largest companies...** over which they have little or no say.

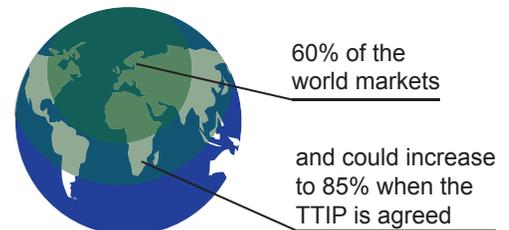
- ★ 100 of the world’s largest 250 companies have chosen London for their global or European headquarters¹⁵ – with 40% of foreign firms coming to the UK citing access to the EU as the main reason for this decision¹⁶.



... whereas the economic benefits of belonging to a substantial trade block are clear

- ★ Two of London’s main rivals – New York and Hong Kong – are able to leverage a domestic market that is roughly 5 times the size of the UK. To have equal status London needs a “domestic market” commensurate with the US and China. **Through EU-negotiated free trade deals, London has favourable access to....**

- ★ Through EU-negotiated free trade deals, London has agreed favourable access to 60% of world markets; this could increase to 85% when the Transatlantic Trade and Investment Partnership (TTIP) agreement with the USA is completed¹⁷.



You can read a full evaluation of London’s relationship with the European Union in our report ‘London and the EU’, published May 2014, available at www.londonfirst.co.uk.

12 TheCityUK, The UK and EU: A mutually beneficial relationship, November 2013
 13 Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets Activity, The Bank for International Settlements, 2013
 14 TheCityUK, The UK and EU: A mutually beneficial relationship, November 2013
 15 The In/out question: Why Britain should stay in the EU and fight to make it better, Hugo Dixon, published 2014, Scampstonian Ltd.
 16 Deloitte, London Futures, 2014
 17 TheCityUK, Analysing the Case for EU Membership: How does the economic evidence stack up?, Analytically Driven, April 2014