



EconoMag

The show that demystifies economics

The British Economy:

The Economy Across the Channel ©

by Pierre Vercueil

Hi there and welcome back to a brand new episode of EconoMag here on EnglishWaves. We're currently taking a tour of some of the world's largest regional economies. Last time we started off in France and saw how the country has not only positioned itself as a traditional manufacturing giant, but is now also trying to become a global technological hub.

We turn to the United Kingdom. Officially comprising the economies of England, Scotland, Wales and Northern Ireland, the UK constitutes the world's fifth-largest economy in nominal GDP terms. The country boasts a proud economic history: in the 18th century the country was the first to industrialize following the invention of the steam engine, and during the 19th century it had a dominant role in the global economy as a result of its expansive empire of colonies, rich in natural resources.

Today the country remains an international economic power with global strengths and an influential role in the world economy. As a fast growing, developed economy the UK is highly influential through trade: in 2014 the UK was the ninth-largest exporter in the world and the fifth-largest importer. The country's currency, the Pound Sterling, is also the third-most traded currency internationally.

British manufacturing constitutes an important pillar in the national economy. The country's aerospace industry is the second largest national aerospace industry. This includes manufacturing both military and civilian aircraft, including many parts used in Airbus aircraft. The pharmaceutical industry also plays an important role in the economy together with the automotive industry as a major employer and exporter. In these respects Britain's economy looks rather similar to that of France! But the British economy is also hugely boosted by North Sea oil and gas production that takes place just north of Scotland. The country's reserves are valued at an estimated £120 billion.

Apart from manufacturing and energy production, the British economy is dominated by the service sector, which contributes a whopping 78% of GDP. Recall that the service sector includes economic activity such as banking and tourism. Whereas in France

tourism plays a significant role, in the UK the financial services industry is particularly important, with London as the world's largest financial center. For example, at the turn of the decade the city handled 36,7% of global currency transactions— that's an average daily turnover of 1,85 trillion US dollars!

The UK is truly both an international and regional economic leader. Next time we take a look at an economy that boasts more than just an influential financial sector – the United States. Join us again next time for a brand new episode of EconoMag, here on EnglishWaves.