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FROM B2B MARKETING



The B2B Nations Series
Volume 1.1: United Kingdom

Volume 1.1 in a global series on B2B economies and national competitiveness. A strategic brief for UK economic renewal aligning policy, capital and corporate strategy around the scalable half of the economy.

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Britain is measuring the wrong economy

Britain is having the wrong economic conversation.

For years, national debate has circled consumer signals: household spending, retail sales, mortgage rates, shopping baskets and the high street.

These things matter. But they do not explain where long term advantage is created, how Britain competes in a world reshaped by AI and geopolitical fracture, or the part of the economy hiding in plain sight.

The United Kingdom's real strength and future sits in its business-to-business economy.

Behind the visible consumer economy sits a deeper system: professional services, financial infrastructure, law, insurance, technology, life sciences, advanced engineering, publishing, creative services and commercial advisory capability.

These industries allow organisations to trade, finance, insure, advise, build, sell, scale and compete. This is the operating system of UK PLC.

The trade picture makes the point clearer. The UK's consumer economy is import heavy and runs a large structural deficit. Its B2B economy runs a significant surplus: approximately £118 billion in 2023, set against a consumer facing deficit of approximately £150 billion.

Britain's main export is no longer simply goods. It is trust, expertise, systems, standards, legal frameworks, financial infrastructure, science and commercial judgement.

This report is written for CEOs, CFOs, CMOs, investors, policymakers and senior leaders who need to understand why B2B capability should sit at the centre of national, not just corporate strategy.

Its premise is simple: Britain's growth challenge is not just demand. It is a failure to align policy, capital, skills, technology and leadership around the scalable part of the economy.

> *Doubt is an uncomfortable condition, but certainty is a ridiculous one.*
>
> **Voltaire**

The Premise

- **Britain is already a B2B Nation**. Nearly half of UK output is sold between organisations.
- **B2B is where Britain earns its way.** Consumer demand is visible, but import heavy. B2B creates productivity, exports and advantage.
- **B2B is the scalable half of the economy.** The UK exports trust, expertise, technology, law, science and commercial systems globally.
- **The UK's hero industries are globally significant.** Professional services, finance, insurance, technology, AI, life sciences, engineering, publishing, creative services and commercial advisory.
- **AI makes this urgent.** It could become either a productivity breakthrough or a managed decline problem.
- **The UK does not need reinvention.** It needs alignment around the sectors that give Britain advantage.

The UK is already a B2B Nation. The question is whether business, capital and government are prepared to behave like it.

About the B2B Nations Series

B2B Nation is a long term global research programme examining national economies through a business to business lens.

Its premise is clear: in every major economy, B2B markets underpin productivity, trade, innovation and geopolitical influence. Yet they are frequently under examined and poorly understood outside specialist circles.

This UK edition is the founding and flagship report in the series.

The United Kingdom is not an accidental starting point. It sits at the intersection of global legal systems, financial networks, professional services and trading routes that were first consolidated during the modern era of globalisation. Few nations have shaped international commerce more profoundly. Fewer still remain as structurally connected to global markets today.

From financial infrastructure and professional services to technology platforms, life sciences and advanced engineering, the UK continues to exert disproportionate influence within B2B sectors relative to its size. Examining the UK through this lens provides a rigorous foundation for the wider programme.

Future editions will analyse the United States, India and other major economies. Each will reflect its own history, political ideology, economic scale and geopolitical trajectory. The objective is not to impose a uniform model, but to understand how B2B operates within the unique structural realities of each nation.

B2B Nation is therefore not a single report. It is the beginning of a global analysis of B2B as a strategic economic force, country by country, context by context.

The B2B Nations Series forms part of the output of the B2B Nations Institute, which focuses on providing practical solutions and recommendations for both market participants and government. It is written for CEOs, senior leaders and policymakers, as well as those interested in the continued growth and global competitiveness of B2B companies and economic activity.

About Propolis

Propolis is a multi award winning strategic platform and advisory community for senior B2B leaders.

It supports marketing, sales and commercial leadership teams with structured diagnostics, proprietary research, peer networks and practical advisory resources. Its focus spans customer strategy, go to market performance, marketing effectiveness, sales alignment and commercial growth.

Everything within Propolis is built around one principle: in B2B markets, sustainable growth starts with deep understanding of the customer and the market.

In complex environments shaped by trade flows, regulation, technology, capital access and geopolitical change, leaders need more than tactical advice. They need strategic context.

B2B Nation UK sits squarely within that remit.

This report provides the macroeconomic and structural lens that underpins many of the conversations Propolis members are already having about market positioning, customer value, competitiveness and long term growth.

Propolis is proud to publish this founding edition of the B2B Nations Series in partnership with James Farmer. It reflects a shared commitment to elevating B2B leadership from operational execution to strategic economic influence, both in the United Kingdom and globally.

About the Author



James Farmer is the co-founder of B2B Marketing and the originator of the B2B Nations Series, a global research programme examining national economies through a business to business lens.

In partnership with Propolis [b2bmarketing.net/propolis], this work forms part of the B2B Nations Institute [b2bnationsinstitute.org], a think tank focused on understanding the structure, performance and future competitiveness of B2B economies around the world.

The B2B Nations Series brings together ideas, perspectives and insight from senior leaders, practitioners and observers across global markets, examining how countries generate value through business to business activity, and how that capability shapes economic strength, trade performance and geopolitical position.

Across capital markets, publishing, advisory forums and executive networks, James has spent more than three decades working at the intersection of business, marketing and economics. His career has been shaped by direct exposure to how markets operate in practice, particularly the role of B2B systems in creating scalable, exportable value.

He began his career in the global bond markets, working as a broker at the centre of international capital flows. That experience shaped much of his thinking. Bond markets force attention onto confidence, productivity, capital efficiency and long term credibility, offering a practical view of how nations create durable commercial value.

He later moved into professional publishing and marketing, where he saw the same principles at work through trust, information, pricing power and long term commercial relationships.

His formative years were spent at RELX (formerly Reed Elsevier), one of the world's leading professional publishers and a flagship British global business. There he saw how research, information and professional communities shape industries over time through standards, networks and institutional credibility.

Recognising that business to business marketers had no dedicated institutional voice, James co-founded B2B Marketing. What began as a specialist publication evolved into a broader platform of research, executive communities, benchmarking and advisory programmes that contributed to the professionalisation of B2B marketing in the UK and internationally.

The B2B Nations Series extends this work into a broader economic and geopolitical context, examining what countries sell, how value is created and scaled, and why commercial capability is becoming an increasingly important national asset.

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Before going further, it is worth being explicit about what we mean by B2B…

What we mean by B2B

When we talk about B2B, we mean business to business.

At its simplest, it is the commercial relationship between one organisation and another.

One company buys goods, services, systems, expertise or intellectual property from another company in order to operate, grow, or serve its own customers. That exchange might sit deep inside a supply chain, or it might be highly visible. But it is always organisation to organisation.

The buyer is not spending personal income. They are allocating the resources of the business they work for or own. Decisions are made within defined teams, budgets and business units. The money belongs to the organisation, not the individual.

This is very different from everyday consumer life.

- Buying groceries for the week.
- Looking for a buy one get one free offer.
- Choosing a mobile phone.

That is consumer activity.

B2B is what happens behind it.

Before a supermarket can sell food, it relies on **logistics providers, data systems, payment infrastructure, legal contracts, marketing agencies, finance, insurance, packaging suppliers, equipment manufacturers** and countless other business relationships.

Those relationships are **structured, negotiated, priced, contracted and built on trust**. They depend on reputation. They exist to solve unmet needs at the right moment. They are rarely static. They evolve, adapt, re price, and innovate in response to competition, technology and shifting customer requirements.

B2B markets are efficient, complex and dynamic. They require agility. They require intelligent pricing. They require the continual development of goods and services around the needs of business customers.

And those customers are businesses.

Most people wear two economic hats.

In your professional life, you likely operate inside B2B. You work within an organisation that sells to, buys from, or depends on other organisations. That is where most income in the UK is generated.

In your personal life, you step into the consumer economy. You spend that income on food, travel, entertainment, housing and leisure. That consumer world is visible and familiar. It occupies attention. It shapes culture.

But it is funded by the professional B2B world.

When this paper refers to the United Kingdom as a B2B Nation, it refers to that dense, interlocking network of professional relationships that generates income, drives exports, and underpins almost half of national output.

For a large portion of the UK population, B2B is not abstract.

It is their profession.

And increasingly, it is the country's profession too.



Executive summary

This report reaches five central conclusions about how the UK economy actually works and what that implies for Britain's long-term growth path.

1. The UK should explicitly adopt "B2B Nation" as its primary economic model.

Britain is already structurally B2B (around half of output across the series). This is not a sector trend, it is the operating reality of UK PLC. The UK should measure, communicate and govern the economy on a B2B/B2C/Government basis, because that is the only lens that matches how value is actually created.

2. Stop treating consumer stimulus as a growth strategy; treat it as a stabilisation tool.

In an import-heavy system, boosting household demand reliably boosts overseas production and weakens domestic compounding. Consumer policy still matters, but it should be framed as resilience and short-cycle management, not the engine of long-term growth.

3. Make B2B export capability the UK's primary non-inflationary growth lever.

B2B is the only part of the economy that scales globally without being population-bound and without structurally increasing inflation, trade leakage or the state's fiscal load. The UK should prioritise B2B capability-building (trust, systems, IP, productivity) as national strategy, not incidental by-product.

4. Target a realistic national growth pivot: lift B2B trend growth to ~3%.

Because B2B is close to half the economy, a modest acceleration produces out sized national results via weighted arithmetic and compounding. The practical aim is not to "grow everything", but to grow the right half faster and let compounding do the heavy lifting.

5. The AI window is now open: Britain can lead by doubling down on B2B strengths

AI capability is advancing rapidly, and global rankings shift as quickly as the technology itself. Within that context, the UK is widely regarded as part of the leading group of AI ecosystems. .

For Britain, the strategic opportunity lies less in competing to build the largest frontier models and more in applying AI across the sectors where the country already leads: financial services, professional services, life sciences, engineering and technology platforms.

The UK should pursue a distinct AI strategy built around three pillars: attracting and retaining world-class talent, expanding sovereign compute capacity, and becoming the global leader in applied AI across knowledge-intensive B2B industries. Executed well, artificial intelligence becomes a multiplier of the B2B Nation model rather than a disruption to it.

6. Support B2B agency international growth

Creative and commercial services should be recognised as exportable B2B infrastructure and treated as strategic growth assets within trade policy. Government should support the international expansion of UK creative and consulting firms, align skills investment with high value B2B capability, and accelerate sector adaptation to AI by enabling a shift toward higher margin strategic consultancy.

7. Prevent AI-induced total employment demand contraction: The AI capital paradox

UK to lead in the mitigation of risk of AI-induced negative demand feedback loops by incentivising internal redeployment and retraining rather than rapid labour shedding, recognising that large-scale redundancy may protect short-term margins but can weaken household income, reduce consumer demand, and ultimately undermine broader B2B growth and fiscal stability. Counterintuitively, present employee protection legislation actually reduces employee opportunity; the legislation requires substantial revision.

8. Rebuild European economic alignment

Move swiftly to rebuild deeper economic alignment with Europe, recognising that reduced regulatory and market friction is one of the fastest levers for scaling UK B2B exports. For hero industries such as professional services, finance, technology, life sciences, engineering, and creative consultancy, improved access and streamlined services mobility would accelerate growth and strengthen the UK's position as a globally competitive B2B platform.

The core argument

1. The Structural Reality

The United Kingdom is structurally business to business.

Across the modern national accounts series, approximately 48 percent of total UK output is sold from one organisation to another. This intermediate consumption represents the operating backbone of UK PLC. It includes professional services, financial infrastructure, enterprise technology, engineering systems, life sciences, and commercial capability.

This is not a sector trend.

It is the economic architecture of the country.

Yet national debate continues to centre on consumer confidence and household spending as the primary growth signal.

In an import intensive system, stimulating domestic consumption does not reliably compound domestic capability. A meaningful share of incremental demand leaks into imports. Activity rises. Structural competitiveness does not necessarily follow.

Consumer policy remains essential for stabilisation and resilience.

It is not a scalable long term growth engine.

The UK's growth constraint is not insufficient demand.

It is insufficient acceleration of exportable B2B capability.

The implication is strategic: the UK should explicitly measure, communicate and govern the economy through a B2B, B2C and Government lens. That is how value is actually created.

Britain is already a B2B Nation. Strategy should reflect that reality.

2. The Growth Arithmetic

The UK does not require across the board acceleration. It requires targeted acceleration.

Under a baseline in which B2B, B2C and Government output each expand at roughly one percent annually, the result is prolonged low growth equilibrium. It feels stable. It gradually erodes international position.

Because B2B accounts for close to half of total output, modest acceleration produces disproportionate impact.

If B2B growth were lifted toward three percent annually, while B2C and Government remained near one percent, aggregate growth would rise materially. Over time, compounding effects would reshape productivity, fiscal capacity and competitiveness.

This is not optimistic projection.

It is weighted arithmetic.

B2B growth is also structurally non inflationary in comparison to consumer stimulus. It scales into global markets rather than being population bound. It strengthens the balance of payments rather than widening deficits. It expands tax receipts without requiring proportionate public spending expansion.

It is the only major growth lever that reinforces the system rather than straining it.

The objective is not to grow everything faster.

It is to grow the right half faster and allow compounding to do the work.

3. Where the UK Already Competes Globally

The UK is not attempting to build capability from scratch. It already holds globally competitive positions across multiple high value B2B domains.

Professional and Business Services
Global rank: **#2** worldwide by exports of other business services.

The UK is the world's second largest exporter of professional and advisory services, behind only the United States. English law underpins a substantial share of international commercial contracts, embedding UK institutional capability directly into global trade flows.

Financial Services and Insurance Infrastructure
Global rank: Top tier globally; **#1** in insurance exports; **#1** in global foreign exchange trading share; **#2** overall global financial centre.

London handles approximately 38 percent of global foreign exchange turnover. The UK is the largest net exporter of financial services by trade surplus in recent years and ranks first globally in insurance and pension services exports.

Technology, Data and Enterprise Platforms
Global rank: Europe's largest tech ecosystem; top tier globally outside the United States and China.

The UK leads Europe in venture capital deployment and ecosystem value, and operates as one of the most significant B2B technology platforms globally beyond the two super scale economies.

Artificial Intelligence and Advanced Computing Infrastructure
Global position: Widely regarded as part of the top tier of global AI ecosystems, alongside the United States and China
Source: *Tortoise Global AI Index 2023.*

The United Kingdom is one of the world's leading centres for artificial intelligence research, talent and applied innovation. Universities such as Oxford, Cambridge and Imperial College London have played a central role in the development of modern machine learning and continue to attract elite global researchers.

The UK is also home to DeepMind, one of the world's most influential AI laboratories, and Arm, whose chip architecture underpins a large share of global mobile and embedded computing. Together with a rapidly growing AI startup ecosystem centred around London, these assets place the UK firmly within the small group of countries shaping the future of artificial intelligence.

Artificial intelligence also functions as a productivity multiplier across many of the UK's core B2B industries, including financial services, professional services, life sciences and advanced engineering.

Life Sciences and Scientific Services
Global rank: **Top 3** globally by research output and life sciences equity investment.

The UK ranks third worldwide in high quality life sciences research output and third in life sciences equity finance, placing it firmly within the global top tier.

Advanced Engineering and Industrial Systems
Global rank: Top tier globally in aerospace and defence systems.

While not a mass manufacturing economy, the UK ranks among the leading global exporters of aerospace systems and remains structurally significant in complex, safety critical engineering and defence infrastructure.

Creative, Marketing and Information Services
Global rank: #2 worldwide in exports of other business services, including advertising and commercial advisory capability.

The UK is the world's second largest exporter in this category, reflecting its global strength in advertising, information, publishing, and commercial services that enable other sectors to scale internationally.

Few countries combine this breadth of top tier, export oriented capability across so many trust intensive sectors.

The issue is not absence of strength.

It is insufficient alignment behind it.

4. AI, Employment and Competitive Speed

Artificial intelligence amplifies the UK's hero sectors. It accelerates modelling, discovery, market entry and productivity across services and technology driven industries.

But it also raises the cost of delay.

In an AI accelerated economy, competitiveness becomes a race for speed, agility and retention. Talent, capital and intellectual property are mobile. Jurisdictions compete not only to attract capability but to retain it.

The objective should not be to preserve static roles. It should be to protect employability and enable rapid redeployment within firms.

Large scale labour shedding across B2B services may protect short term margins. At macro level, it risks reducing household income, weakening aggregate demand and creating negative feedback loops that ultimately undermine B2B growth and fiscal stability.

Policy should incentivise managed redeployment and retraining rather than abrupt contraction. Protect people. Enable role evolution. Maintain dynamism without freezing adaptation.

Speed matters more than perfection.

5. Policy and Capital Alignment

If the UK is structurally B2B, institutional alignment should follow.

Five strategic shifts are required.

Measure what drives output
Embed B2B, B2C and Government as a core lens for economic strategy and communication.

Prioritise exportable B2B capability
Trade, education, skills and capital frameworks should explicitly support scalable B2B sectors where the UK already demonstrates global strength.

Support international expansion of creative and advisory firms
Recognise commercial agencies, publishing and advisory businesses as exportable infrastructure and enable their global growth.

Underwrite risk rather than attempt to replace expertise
Government is structurally ill suited to act as primary business advisor. Its comparative advantage lies in underwriting risk. Loan guarantees and earned capability credits can unlock private sector expertise at scale.

Deploy patient capital strategically
In long horizon sectors such as life sciences, advanced technology and complex engineering, minority equity participation aligns public and private upside while building a national asset base.

Rebuilding pragmatic economic alignment with Europe, particularly in services mobility and regulatory interoperability, would represent one of the fastest levers available for scaling B2B exports across hero industries.

This is not expansion of the state.

It is coherent alignment of policy, capital and capability.

6. The UK PLC Choice

The United Kingdom does not lack economic activity. It lacks compounding momentum in the scalable half of its economy.

Almost half of UK output is already B2B. It is scalable, exportable and productivity led. AI amplifies the opportunity, but increases the premium on agility and raises the cost of policy rigidity.

Slow decision making, unclear signalling and institutional hesitation are competitive disadvantages.

The choice is not between consumption and austerity.

It is between drift and alignment.

- A coherent national approach would:
- Measure the economy as it actually operates.
- Accelerate B2B trend growth toward three percent.
- Back hero industries that already represent UK advantage.
- Enable capital to move at the speed of opportunity.
- Protect employability while enabling adaptation.
- Treat commercial capability as strategic infrastructure.

Reinforce European alignment where it accelerates services scale.

This is not a call for reinvention.

It is a call for alignment.

The United Kingdom is already a B2B Nation.

The question is whether it will choose to behave like one.



The B2B Nations Series: United Kingdom How Britain can lift its long-term growth path by accelerating the only part of the economy that scales globally

A geopolitical and economic report for UK PLC

By James Farmer

i.
The case for a B2B Economy

The United Kingdom is not short of debate about its economy. Growth, productivity, wages, inflation, living standards, tax, debt, public services, housing, migration, skills, and trade are discussed constantly. Yet they are often discussed as if they were separate problems competing for attention.

They are not separate problems. They are symptoms. The deeper issue is that the UK is attempting to run a twenty-first-century economy using a twentieth-century mental model.

For most of the post-war period, the following assumption broadly held: rising domestic consumption meant rising domestic production. Household spending drove factories, services, and supply chains at home. Employment followed. Tax receipts followed. Governments intervened mainly to smooth cycles, using fiscal and monetary tools to manage demand.

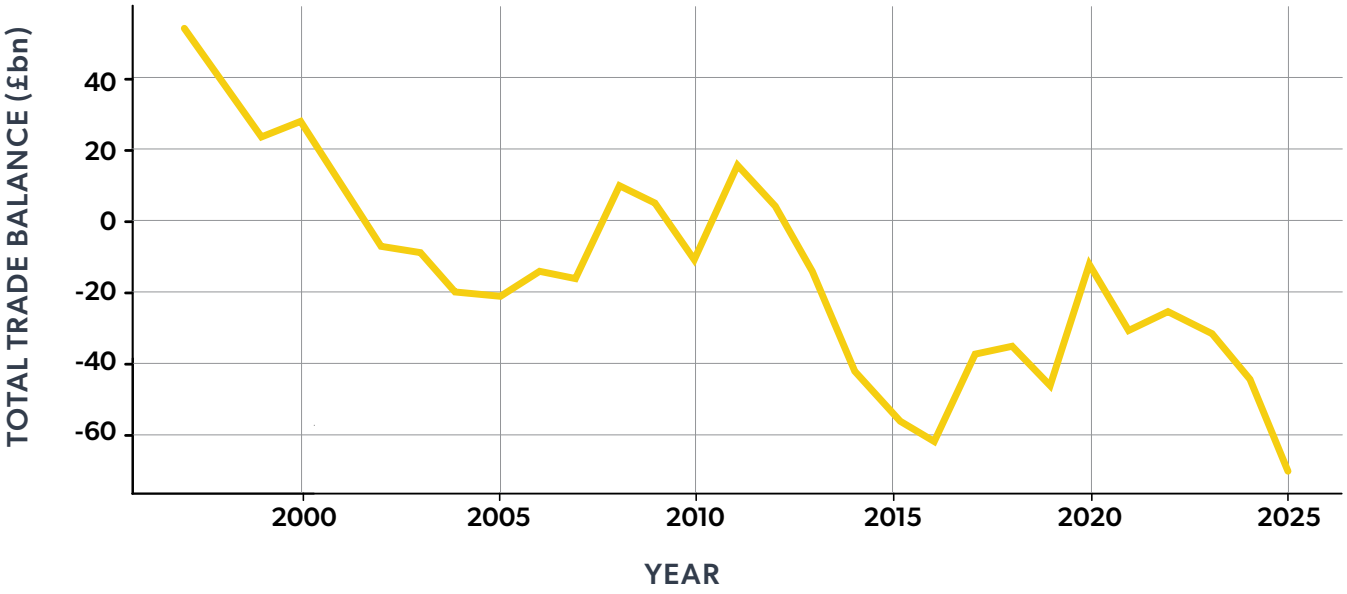
That relationship has changed. Not because the UK suddenly forgot how to work, but because the structure of global commerce changed.

The UK now sits inside an import-heavy consumption environment. When consumer demand rises, a significant portion of the value creation happens abroad. Money leaves the domestic system through imports. The short-term activity can look like growth, but the long-term compounding of capability does not automatically follow. The trade deficit becomes a silent tax on consumer-led growth, and debt fills gaps that productivity once covered.

> *"The deeper issue is that the UK is attempting to run a twenty-first-century economy using a twentieth-century mental model."*

At the same time, the UK has a powerful and globally relevant business-to-business economy operating behind the scenes. This B2B economy is less visible to the public because it is not a single shop front, product, or brand. It is a complex mesh of professional services, finance and insurance, technology and platforms, engineering and industrial systems, science and life sciences, and creative and commercial services that enable organisations around the world to function.

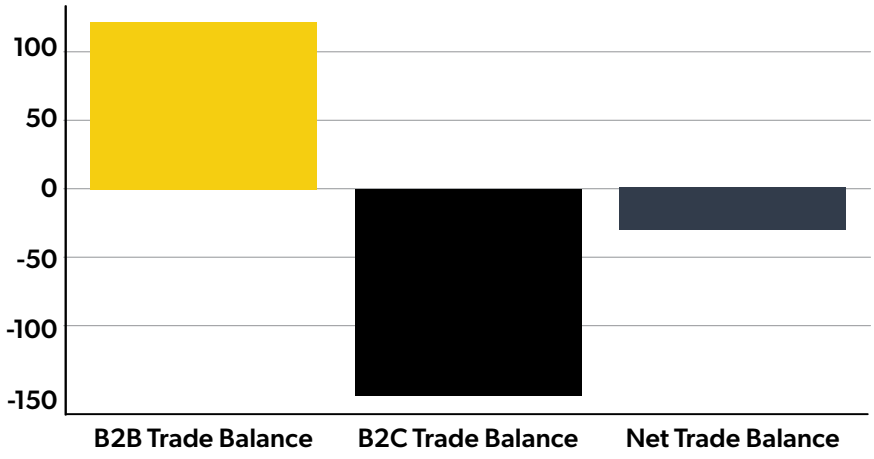
UK Total Trade Balance 1997 to 2025
ONS time series IKBM, annual values



- The UK shifted from persistent trade surpluses in the late 1990s to sustained trade deficits from the early 2000s onward.
- Deficits widened materially after the global financial crisis and again post 2016, reaching record levels in the mid 2010s and early 2020s.
- Although there were brief periods of improvement, the structural position has remained negative for most of the past two decades.
- The long run trajectory reflects a structural imbalance between export performance and import demand rather than short term volatility alone.

The trade deficit becomes a silent tax on consumer-led growth, and debt fills gaps that productivity once covered."

UK Total Trade Balance Decomposition 2023
B2B surplus versus B2C deficit



- In 2023 the UK generated an estimated B2B trade surplus of approximately £118bn, reflecting strong business export performance.
- Consumer facing trade ran an estimated deficit of approximately £150bn, driven by import heavy household demand.
- The overall trade deficit of approximately £32bn is the net result of these opposing structural forces.
- The UK's external imbalance therefore reflects composition rather than a failure of its business export base.

Source: ONS UK trade balance (IKBM); B2B Nation model based on ONS Supply Use Tables. Imports allocated proportionally to B2B and B2C output shares.

ii.

Half of UK output is already B2B

Yet the UK does not consistently talk about itself that way. It does not consistently govern itself that way. It does not consistently educate for that reality. And it does not consistently invest and incentivise for that reality.

This report exists to correct that mismatch. It makes a simple, evidence-based case:

The UK's long-term growth problem is not a lack of demand. It is a failure to deliberately accelerate the B2B engine that already underpins national output.

> *Or, more bluntly, the UK is sitting on an exportable, scalable growth engine and keeps trying to jump-start the economy with a car battery connected to the radio."*

iii.

The Trumpian order post Trump Shock

Donald Trump did not invent the forces now reshaping the global economy. But his presidency accelerated them, exposed them, and converted what had been a gradual shift into a visible rupture. The result was not simply a change in policy tone, but what can best be described as the "Trump shock".

For more than a decade before Trump entered office, the United States had already been reassessing its role as the principal guarantor of globalised markets, with key focus freedom movement of consumer trade. The post-war settlement, in which the US underwrote global trade through military presence, open sea lanes, security guarantees, and predictable economic leadership, had been under strain. Domestic political pressure, industrial hollowing out, and a growing belief that globalisation had distributed gains unevenly all contributed to a slow drift towards strategic retrenchment.

The Trump administration transformed that drift into action. Through an aggressive and often improvised use of tariffs, explicit transactionalism in alliances, and a willingness to tolerate uncertainty as leverage, Trump converted long-simmering tensions into immediate market reality. The Trump shock was not that the United States questioned globalisation, but that it did so abruptly, publicly, and without the preparatory choreography markets usually expect.

Financial markets are resilient, but they are deeply intolerant of instability and ambiguity. Sudden policy reversals, unpredictable tariff announcements, and inconsistent signalling around trade relationships undermined a central assumption of the global system: that the United States would prioritise stability even when pursuing domestic advantage. That assumption had underpinned capital flows, supply chains, and investment decisions for decades.

The underlying logic of the Trumpian shift was clear. After a long period of outsourcing production, the United States would seek to re-anchor economic activity on home soil. That objective is not irrational, nor is it uniquely American. Many advanced economies are pursuing similar aims. What destabilised the global system was not the destination, but the speed and manner of travel.

The Trump shock also weakened something less tangible but equally important: confidence in the continuity of institutions. For much of the post-war period, global markets assumed that while governments changed, the rules of the system would not. Trump challenged that assumption directly. Security guarantees appeared conditional. Trade norms appeared negotiable. Predictability itself became a bargaining chip.

This does not imply that global collapse is either likely or rational. Forecasting the future of any national economy in a highly interconnected system is inherently difficult, particularly as artificial intelligence accelerates change across production, services, and capital allocation. But it is also important to be clear-eyed. A collapse in global trade, financial markets, or living standards is not in the interest of any major power. Not China. Not India. Not Europe. Not the United States.

Nor is it in the interest of the very wealthy. Extreme wealth depends on functioning markets, productive labour, and institutional stability. Individuals with assets well in excess of one hundred million dollars ultimately rely on the continued output of millions of workers and firms. The global economy exists because the many continue to produce the systems and services that the few consume in abundance. That dynamic requires growth, not breakdown.

There is therefore a pragmatic basis for optimism. While global institutions have been weakened and trust has been strained, the incentives that sustain the system remain intact. Large corporations still require global markets. Capital still seeks predictable returns. Wealth still depends on scale, stability, and participation.

The world that follows the Trump Shock is therefore not a post-economic world, but a Trumpian one. More fragmented. More contested. Less predictable. But still deeply interdependent. Policy must be made for that reality, not for a return to frictionless globalisation, and not for an imagined collapse in civilisation.

> *It is within this Trumpian post–Trump shock world that national economic strategies must now be formed."*

iv.
A note on scope and method

The B2B Nations Series does not attempt to forecast individual presidencies, administrations, or electoral cycles, whether Western or Eastern. Governments change, leaders rotate, and policies can shift rapidly, often unpredictably. Short-term political outcomes are therefore a poor foundation for serious economic strategy.

Instead, this series examines global markets pragmatically and structurally, with a longer-term lens than any single election cycle. It focuses on enduring incentives, institutional dynamics, capital flows, and commercial realities that persist across administrations, even as rhetoric and tactics evolve.

v.
UK hero industries where the thesis becomes practical

This report focuses on a set of UK B2B hero industries where Britain already combines scale, exportability and productivity, and where accelerated B2B growth is both plausible and strategically valuable.

1. Professional and business services
2. Financial services and insurance infrastructure
3. Technology, data, and B2B platforms
4. Life sciences, health, and scientific services
5. Advanced engineering and industrial systems
6. Creative, marketing, and information services
7. Education, training, and knowledge exports (optional, but increasingly relevant)

UK Hero Industries: Global Positioning Snapshot

Hero Industry	UK Global Ranking / Position
Professional and business services	Top 2 globally by influence and export penetration. English law governs a large share of international commercial contracts, embedding UK advisory and governance capability into global trade.
Financial services and insurance infrastructure	#1 globally in financial services trade surplus and global financial infrastructure roles. London is the world's leading foreign exchange hub with around 38 percent of global FX turnover.
Technology, data, and B2B platforms	Top 3 globally outside the United States for B2B platforms, fintech, and AI-enabled enterprise services, and #1 in Europe on multiple startup and investment measures.
Life sciences, health, and scientific services	Top 3 globally, alongside the United States and one European peer, combining world-class research, clinical infrastructure, and large-scale pharmaceutical platforms.
Advanced engineering and industrial systems	Top 3 globally in complex, safety-critical systems such as aerospace, defence, and industrial technology, despite lower mass manufacturing volumes.
Creative, marketing, and information services	#2 globally, behind the United States, as an exporter of advertising, marketing, information, and commercial services that enable other sectors to scale internationally.

vi.
Top-level chart of key UK economic and trade statistics

UK Top Chart; Core Economic & Trade Indicators (2024/25)

Indicator	UK Value	
GDP (Nominal)	~$4.2 trillion (2026 projection)	UK is 6th largest economy in the world by nominal GDP. (IMF)
GDP per capita	~$47,683 (2022 peak)	High-income advanced economy; significantly above global average. (Trading Economics)
Exports of goods & services	~$1.12 trillion (2024)	One of the largest exporters globally. (Trading Economics)
Exports as % of GDP	~30.7%	High export intensity for a large advanced economy. (World Bank)
Imports as % of GDP	~31.8% (2024)	Indicates strong integration with global trade. (Trading Economics)
Trade (Exports + Imports) % of GDP	~62-63% (2024)	Higher than many advanced economies; more trade-intensive than US (~25% of GDP). (Trading Economics)
Trade balance (goods & services)	Deficit (net) (around -1.1% of GDP)	UK runs a modest trade deficit as % of GDP, better than world average deficit. (TheGlobalEconomy.com)
Current account deficit	~3.0% of GDP (2024)	Persistent current account deficit, driven by trade and income flows. (House of Commons Library)
Largest export market	United States (~22.5%)	Strong bilateral trade relationships; diversified partners. (GOV.UK)
Financial services global share	38% of global FX turnover	UK retains world-leading position in key service exports. (TheCityUK)

Key conclusions

1. **UK holds a top global economic position**
   The UK is one of the world's largest economies by GDP; historically in the top six with a high GDP per capita, reflecting advanced economic development and strong earning power. (The Times of India)

2. **Trade plays an outsize role in the UK economy**
   Measured as a share of GDP, UK trade intensity (~62–64%) is higher than most large advanced economies, meaning exports and imports matter deeply to national output. (Trading Economics)

3. **UK exports are a large proportion of output**
   Export-to-GDP ratios in the 30%+ range show the UK's global integration, especially in services and B2B sectors, even if it runs a modest net trade deficit. (World Bank Open Data)

4. **The UK succeeds especially in services**
   The UK continues to lead globally in financial and professional services, with London as a dominant global centre and a significant share of global foreign exchange turnover. (TheCityUK)



PART I

Global markets are being rewritten

1.
The end of consumer-led growth as a national strategy

For much of the post-war era, domestic consumer demand served as a reliable proxy for economic health. When consumers spent, domestic producers benefited. Employment rose. Tax receipts rose. Governments used demand management to stabilise cycles.

In advanced economies, globalisation and supply chain integration changed this relationship. A significant portion of consumer goods and inputs are produced abroad. In an economy such as the UK, where imports form a large share of consumption, stimulating demand does not reliably translate into domestic value creation. Some of it does, of course, but a meaningful portion leaks away.

A persistent misunderstanding sits beneath much of the UK's economic debate: that services are somehow "less real" than goods.

This is simply wrong. Services are not an alternative to production; they are embedded within it. Every good that moves internationally carries layers of services inside it: finance, insurance, design, engineering, legal frameworks, software, logistics, standards, and commercialisation. Strip those out and the good does not move, does not scale, and often does not exist in economic terms at all.

In modern economies, value increasingly accrues not at the point of physical manufacture, but in the systems that enable goods and organisations to function, trade, and scale. Treating services as secondary is not realism. It is a category error.

This is why consumer-led growth increasingly behaves like an import strategy. You can stimulate it, but you cannot guarantee that it compounds domestic capability.

The UK has not fully adjusted to this reality. The economic conversation still often treats consumer confidence as a central dashboard. The result is a policy and media ecosystem optimised for short-term visible activity rather than long-term exportable capability.

A practical test of this is simple: if your growth strategy relies heavily on domestic consumption, it is constrained by population size, household income, and household debt capacity. It is not infinite. It cannot be scaled without eventual friction.

Export-led B2B activity, by contrast, scales into global markets. It is constrained primarily by capability, trust, and competitiveness. In the era of global demand for services, systems, and expertise, that ceiling is vastly higher.

This report therefore treats B2B not as a sector, but as the true engine of modern national growth.

2.

Why B2B is the geopolitics of the next decade

B2B output is not just an economic category. It is a strategic one.

Countries that dominate professional services, finance, insurance, engineering systems, technology platforms, and scientific standards influence how global commerce operates. These countries become embedded in the decision-making infrastructure of other nations. They set norms and standards. They attract capital and talent. They become indispensable in ways that are not easily captured by simple trade balances.

The UK already has many of these attributes. It has global legal and professional standards influence. It has a world-leading financial ecosystem. It has deep services export capability. It has strong science and life sciences. It has creative and commercial power that helps other nations' businesses operate in markets.

Yet the UK has not consistently built a national story or policy approach around these strengths.

In an era where globalisation is fragmenting into strategic blocs and supply chain resilience becomes a priority, the ability to export high-value, trusted B2B capability becomes more important, not less.

The UK's choice is therefore not between old and new. It is between drifting with outdated assumptions and deliberately compounding existing advantages.

3.

AI, work, and the inevitability of change

Work has never been static. Human beings have adapted roles, skills, and tasks for tens of thousands of years. The agricultural revolution changed the nature of work. The industrial revolution changed it again. The shift to services transformed it once more. Every transformation created disruption, and every transformation created new opportunity.

AI accelerates this pattern. Tasks that were once performed by people will increasingly be automated. New tasks, roles, and forms of value creation will emerge. That is perfectly natural. The central economic question is not whether jobs will change. They will. The question is whether societies and organisations enable people and firms to change with them.

In an AI-enabled economy, resilience depends less on preserving specific roles and more on enabling rapid adaptation. Firms that can move quickly into new markets and export greater value are better able to retain staff, retrain staff, and redesign roles. Firms that cannot adapt are forced to shed jobs. Not because AI replaces people directly, but because rigidity prevents evolution.

This matters for the UK because the country has strong B2B potential precisely in sectors where AI amplifies capability: professional services, finance, technology platforms, life sciences and scientific services, advanced engineering, and creative and commercial services.

In these sectors, the prize is significant. But the constraint is agility.



PART II

The UK economy as it actually operates

4.
Measuring the economy properly: B2B, B2C, and government

Economic debate often starts with the wrong headline indicators. GDP is necessary, but it is not sufficient. It collapses very different types of activity into a single number. Retail sales draws attention to visible consumer activity. Employment data often treats jobs as equal regardless of productivity or export potential.

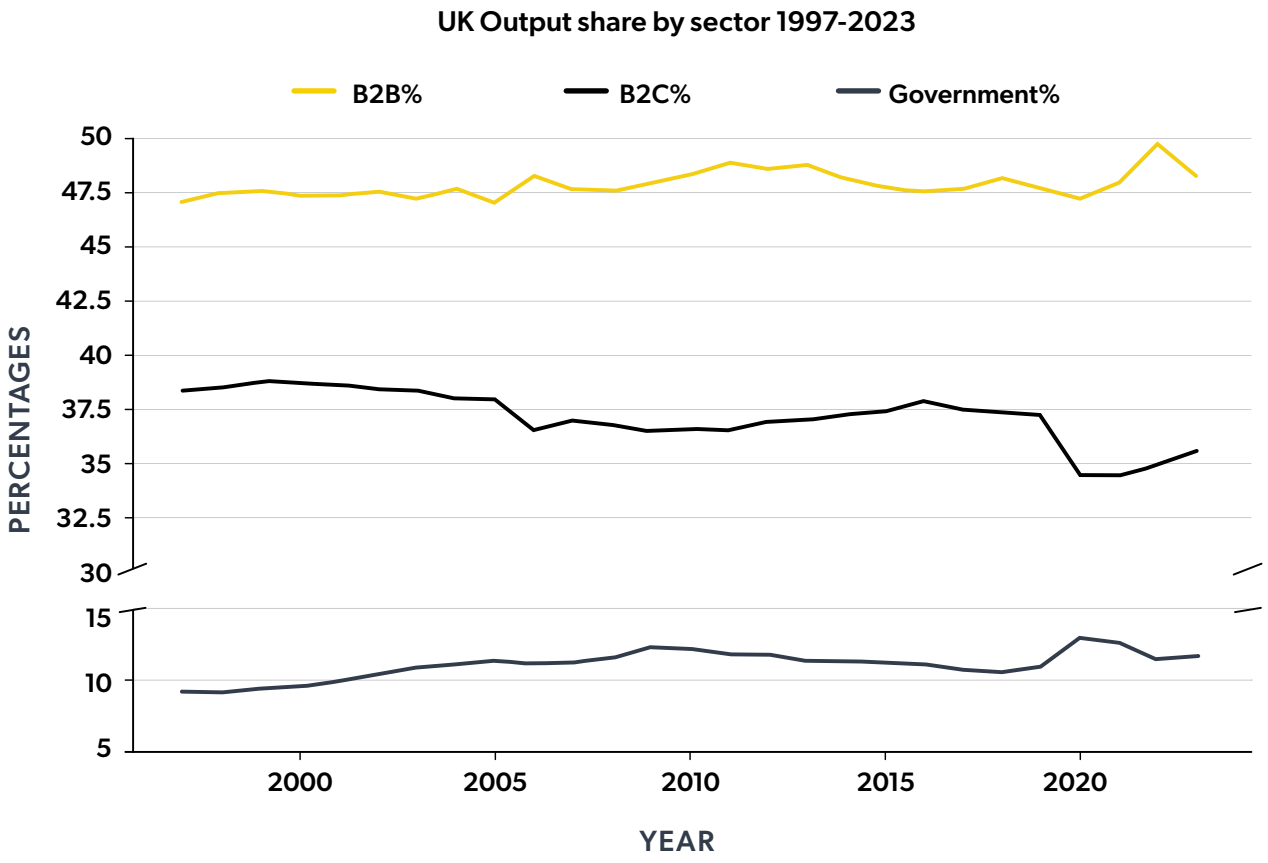
For the purposes of this report, UK output is examined through three core operating relationships:

- **B2B:** output sold from one organisation to another
- **B2C:** output sold directly to households and non-profits
- **Government:** output consumed by the state

Using ONS Supply and Use tables and the B2B Nation framework, a clear picture emerges across 1997 to 2023:

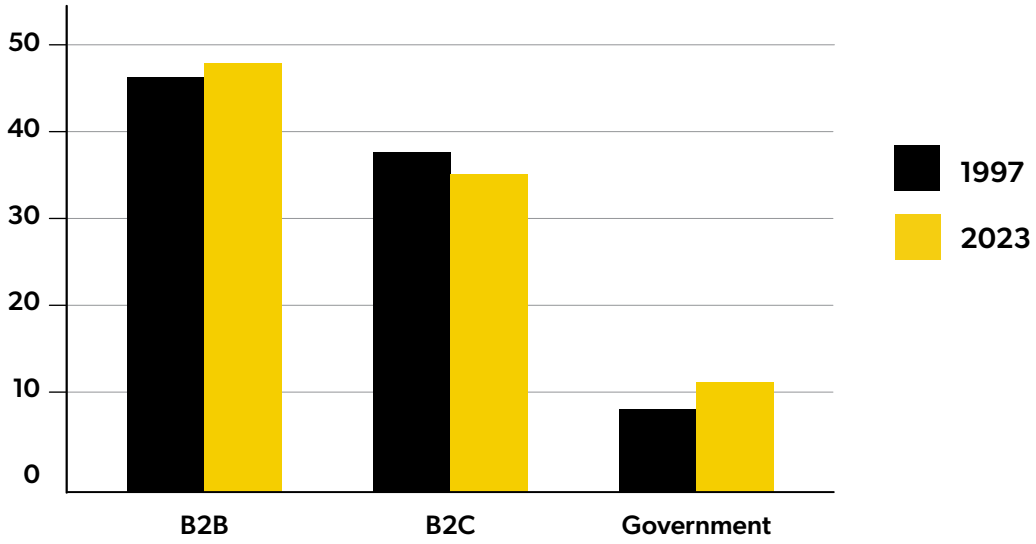
B2B accounts for around 48 percent of UK output across the series, with a relatively tight range year-to-year. B2C has tended to decline as a share over time. Government has tended to rise as a share, with an obvious pandemic-era spike.

This stability is important. It tells us that B2B is not a fashionable classification or a temporary phenomenon. It is a structural characteristic of the UK economy.



Source: Office for National Statistics, United Kingdom National Accounts: The Blue Book 2025, Supply and Use data to 2023.

Structural Shift in UK Output share, 1997 and 2023



Source: Office for National Statistics, United Kingdom National Accounts: The Blue Book 2025, Supply and Use data to 2023

B2B, B2C and Government Shares of UK Output, 2023

B2B

B2C

Government

Source: Office for National Statistics, United Kingdom National Accounts: The Blue Book 2025, Supply and Use data to 2023.

- The UK economy has been structurally B2B led for more than 25 years, with business to business output consistently representing close to half of total economic activity.
- Consumer share shows a gradual long term decline, with the most visible structural shock occurring in 2020 and only partial recovery thereafter.
- Government share rises steadily across the period, accelerating during crisis years and remaining elevated relative to the late 1990s baseline.

These are the three core analytical categories used in this report and are not intended as a complete 100 percent decomposition of output. Capital formation and external trade are treated separately within the national accounts framework.

5.
Growth dynamics: compounding hides in plain sight

Over the long run, B2B output has grown slightly faster than total output. The difference is not dramatic in any single year. It is the kind of difference that is easy to ignore if your attention span is limited to electoral cycles or media cycles.

But small differences sustained over decades compound into large divergences in national income, tax receipts, and competitiveness.

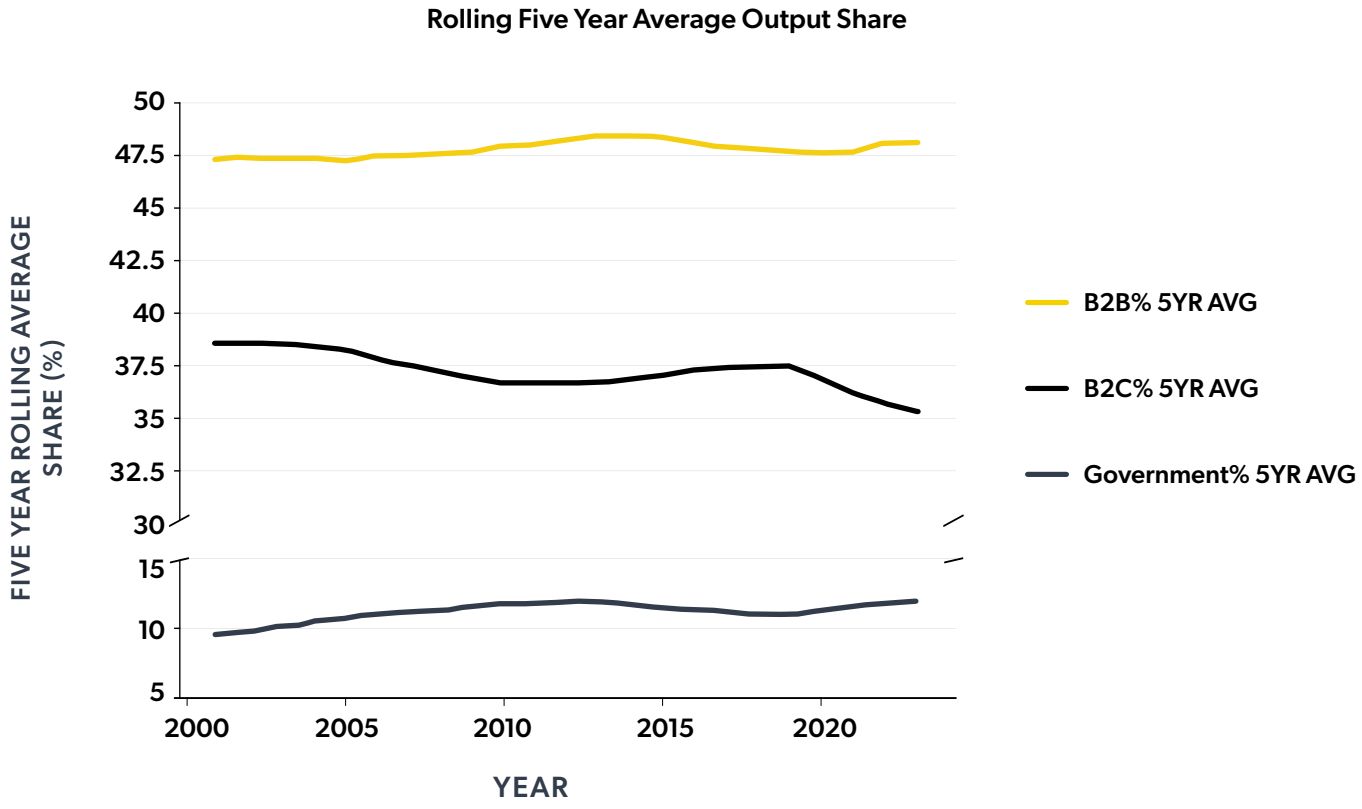
This is why the B2B Nation thesis matters. It is not a claim that the UK must reinvent itself. It is a claim that the UK must deliberately accelerate the engine it already has.

CAGR Comparison: Output Growth by Period

Component	CAGR 1997 to 2023	CAGR 2013 to 2023
B2B	4.34%	4.37%
B2C	3.94%	4.06%
Government	5.18%	4.74%

Source: Office for National Statistics, United Kingdom National Accounts: The Blue Book 2025, Supply and Use data to 2023.

- Over the long term, B2B output has grown broadly in line with the overall economy, reinforcing its role as the structural core of UK economic activity.
- Consumer output growth has been consistently weaker than B2B over the 1997 to 2023 period, despite some short term acceleration post 2013.
- Government output has expanded at the fastest compound rate across both time horizons, indicating a sustained increase in public sector weight within the economy.



Source: Office for National Statistics, United Kingdom National Accounts: The Blue Book 2025, Supply and Use data to 2023.

- B2B share remains structurally dominant and remarkably stable across the full period, even when smoothed over five years.
- B2C exhibits a gradual long term erosion rather than sharp cyclical swings, indicating structural rebalancing rather than temporary volatility.
- Government share trends upward over time, with post crisis acceleration, suggesting a steady expansion in public sector weight within the economy.

6.
Why consumer-led growth is increasingly self-defeating in the UK

In an import-heavy economy, stimulating B2C demand increasingly stimulates imports. The domestic economic multiplier is weaker. The trade deficit widens. Inflationary pressure rises. If policy continues to chase demand without corresponding domestic capability growth, debt and fiscal stress fill the gap.

Consumer-led growth is population-bound. It cannot scale beyond household constraints without eventual friction.

Export-led B2B growth is not population-bound. It scales into global markets. It is constrained primarily by capability, trust, competitiveness, and speed.

If the UK wants long-term growth and resilience, it must orient strategy around the part of the economy that scales globally.



PART III

The B2B growth arc and the arithmetic of UK renewal

7.
The baseline: managed stagnation

The UK does not lack activity. It lacks sustained momentum in the part of the economy that compounds.

Much of recent economic "motion" has been circulation rather than compounding. Money moves around the domestic system. Price rises can masquerade as growth. Activity is visible, but capability does not accelerate.

A practical way to describe the baseline is this:

- B2B grows at roughly one percent annually. B2C grows at roughly one percent annually. Government output grows at roughly one percent annually.
- This produces a form of equilibrium. It does not collapse, but it does not compound meaningfully.
- The danger of managed stagnation is that it feels stable. It does not trigger urgent reform. But over time, competitiveness erodes, fiscal room diminishes, and vulnerability to shocks increases.

8.
The intervention: Accelerate the right half of the economy

The central argument of this report is that the UK does not need to grow everything faster. It needs to grow the right half faster.

Consider a scenario where:

- B2B output growth is deliberately accelerated to around three percent annually
- B2C output continues broadly at around one percent
- Government output continues broadly at around one percent

Because B2B is close to half of output, this shift lifts aggregate UK growth materially. Weighted arithmetic makes the point clear:

- If 48 percent of output grows at three percent and 52 percent grows at one percent, the blended growth rate is close to two percent.
- That is almost double the baseline. Over time, the compounding effect is significant.
- This is not a fantasy growth target. It is a realistic rebalancing of momentum.

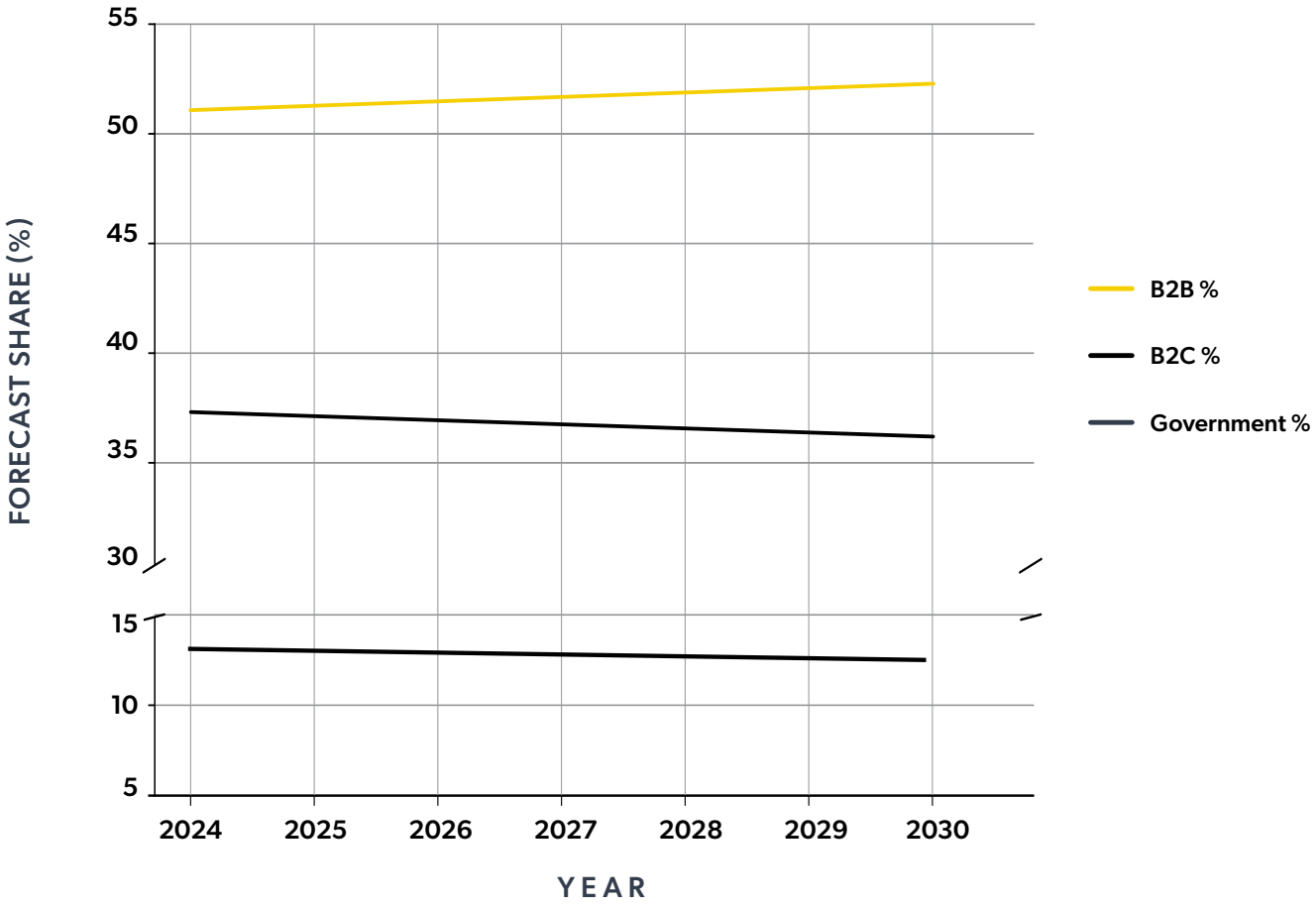
Compound Growth Assumptions 2024 to 2030

Parameter	Value
Star Year	2024
End Year	2030
B2B Annual Compound Growth	2.5%
B2C Annual Compound Growth	1.5%
Government Annual Compound Growth	1.2%
Projection Horizon	6 Years

Forecast Assumptions 2024 to 2030

- B2B output is assumed to grow at 2.5 percent per year. This reflects its long term structural resilience and its historical tendency to track or slightly outperform overall economic growth.
- B2C output is assumed to grow at 1.5 percent per year. This reflects slower long term expansion in consumer share and recent evidence of structural moderation in household demand.
- Government output is assumed to grow at 1.2 percent per year. This moderates the higher historical expansion rate observed since 1997 and assumes a more constrained fiscal environment over the medium term.
- These assumptions are deliberately conservative relative to long term historical compound growth rates and are designed to test a plausible baseline scenario rather than an acceleration case.

Forecast Output Share by Sector 2024 to 2030



9.
Why the B2B arc is plausible

There are three reasons to believe the UK can lift B2B growth to three percent.

First, historical precedent. B2B has already grown slightly faster than the aggregate economy over long periods, even without coherent policy alignment.

Second, international precedent. Countries that deliberately support exportable services and high-value capability sectors tend to achieve higher productivity and more stable growth.

Third, structural tailwinds. Global demand for services, systems, expertise, and trust infrastructure continues to rise. Digital delivery reduces geographic constraints. AI reduces startup friction. English remains the language of global commerce. The UK retains deep institutional credibility in law, finance, and professional standards.

The binding constraint is not global demand. It is domestic enablement.

10.
Why B2B is the only lever that does not destabilise the system

B2C-led acceleration would likely require household debt expansion or fiscal stimulus, and in an import-heavy context it risks inflation and trade imbalances.

Government-led acceleration would likely require higher taxation or borrowing, and the UK already operates under fiscal and political constraints.

B2B-led acceleration is different:

- It is export-oriented
- It is productivity-led
- It scales through talent and systems rather than domestic volume
- It strengthens the balance of payments rather than weakening it
- It generates tax receipts without requiring proportionate public spending increases

In short, B2B growth reinforces the system rather than straining it.



PART IV

Hero industries, the applied layer of the thesis

11. Why hero industries matter and how to use them

Hero industries are not just engines of growth, they are where the modern working economy now sits.

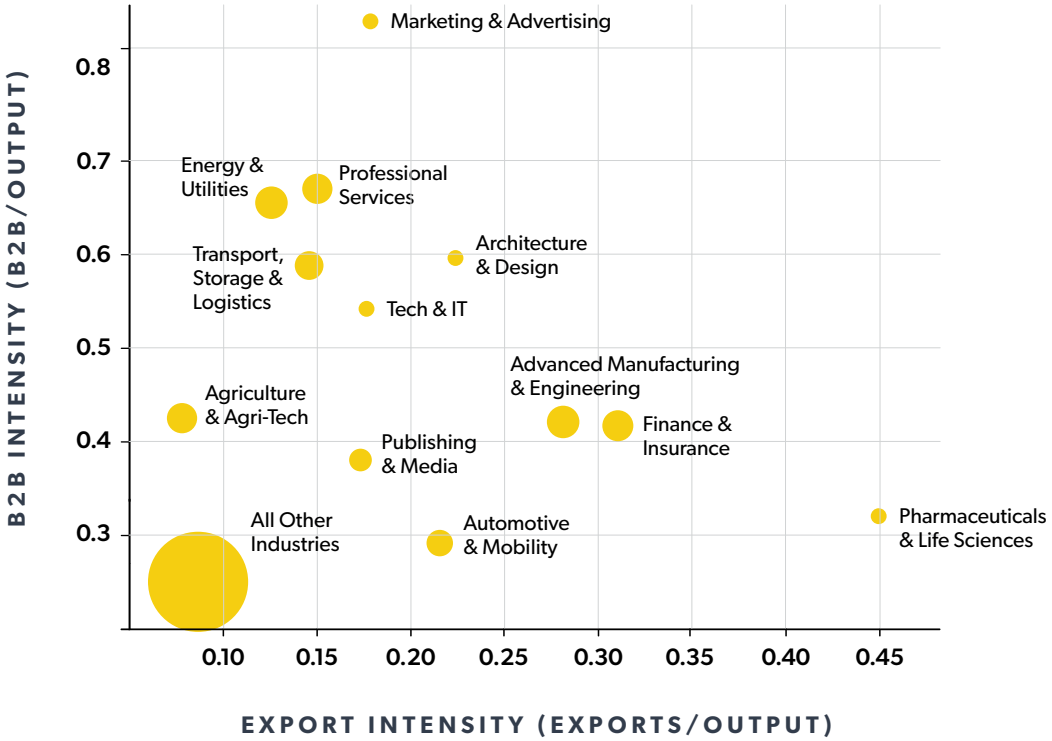
Hero industries matter because they represent where modern economies actually live and breathe. These are the sectors through which value is created, traded and scaled at pace, forming the backbone of national competitiveness in a B2B economy.

They also represent something more fundamental. What was once understood as the 'working class', defined by traditional industry and manual labour, has shifted. Today, the broad base of economic participation sits within these large, complex, often unseen B2B sectors. From logistics and infrastructure to professional services, technology and advanced manufacturing, this is where the majority of people now spend their working lives.

In that sense, hero industries are not just engines of growth, they are the modern expression of the working economy itself. They concentrate talent, effort and capability at scale, underpinning both domestic stability and international competitiveness.

Understanding and supporting these sectors is therefore not a narrow industrial strategy, but a central economic priority. The opportunity lies in recognising their role, aligning policy and capital behind them, and using them deliberately as platforms for long-term growth."

Hero Industries Map: Exportability vs B2B Intensity (Bubble Size = Output £bn)



- Sectors in the upper right quadrant combine strong export intensity with high B2B orientation, positioning them as structurally scalable growth engines.
- Larger bubbles indicate macroeconomic weight, highlighting industries where exportability and business intensity translate into national impact.
- The residual economy, while large in aggregate, exhibits lower export and B2B intensity, reinforcing the strategic importance of identified hero sectors.

Source: Export intensity equals exports over total output; B2B intensity equals B2B output over total output; bubble size scaled to sector gross output (£bn), derived from ONS Supply Use Tables.

Sector	Why It Matters	AI Leverage	Policy Levers
Advanced Manufacturing & Engineering	High export intensity and large scale industrial base. Core driver of tradable growth and supply chain depth.	Automation, predictive maintenance, digital twins, supply chain optimisation.	Capital investment incentives, skills pipelines, export promotion, industrial clusters.
Agriculture & Agri Tech	Foundational sector with food security and moderate export exposure.	Precision agriculture, yield optimisation, climate modelling, robotics.	Innovation grants, rural digital infrastructure, trade access support.
Automotive & Mobility	Integrated global supply chains with export exposure.	Autonomous systems, battery optimisation, smart manufacturing.	EV transition incentives, R&D credits, infrastructure rollout.
Energy & Utilities	System critical infrastructure with high B2B multiplier effects.	Grid optimisation, predictive analytics, energy trading algorithms.	Long term regulatory stability, green transition frameworks.
Finance & Insurance	High value services with strong export component.	Risk modelling, fraud detection, automated underwriting, decision intelligence.	Data regulation clarity, fintech sandbox support, international market access.
Professional Services	Backbone of B2B economy with high business intensity.	Workflow automation, contract analysis, AI augmented advisory.	Services export strategy, skills development, digital standards.
Pharmaceuticals & Life Sciences	Extremely export intensive and innovation driven.	Drug discovery modelling, clinical trial optimisation, genomics analytics.	R&D funding, regulatory acceleration, university industry collaboration.
Tech & IT	Horizontal enabler across all sectors.	Platform development, AI infrastructure, cybersecurity automation.	Digital infrastructure, talent visas, innovation incentives.
Transport, Storage & Logistics	Critical trade enabler with strong B2B orientation.	Route optimisation, warehouse robotics, predictive logistics.	Trade facilitation, port investment, digital customs systems.
Publishing & Media	Knowledge and content infrastructure supporting commercial ecosystems.	Generative content systems, audience analytics, automated production.	IP protection, export development, digital monetisation support.
Marketing & Advertising	Demand generation engine of B2B and B2C economy.	Targeting algorithms, performance analytics, AI creative optimisation.	Data governance clarity, SME digital adoption incentives.
Architecture & Design	High value services with scalable intellectual output.	Generative design, BIM automation, simulation modelling.	Planning reform, digital building standards, export services support.

12.
Professional and business services: exporting trust and judgement

> *What the UK exports here is not simply labour. It exports trust, standards, and judgement.*

UK GLOBAL POSITION: TOP 2 GLOBALLY

The UK is one of the two most influential professional and business services exporters globally, alongside the United States. What differentiates the UK is not scale alone, but institutional embeddedness. English law, UK governance standards, and UK advisory practices are written directly into global commercial activity.

Indicative ranking logic

- United States: #1 by absolute scale
- United Kingdom: #2 by global influence and export penetration

Evidence

- English law governs a very large share of international commercial contracts
- London is one of the most used global centres for arbitration and dispute resolution
- UK is one of the largest exporters of professional services by value

Sources: Law Society of England and Wales, ONS International Trade in Services, OECD Trade in Value Added

Industry outline in UK

Professional and business services are one of the UK's most powerful B2B assets. Law, accounting, consulting, advisory, compliance, governance, and risk services underpin global commerce.

English law governs a significant proportion of international contracts. UK advisory firms influence decision-making across borders. These relationships are durable and difficult to replace once established.

AI does not remove the value of trust and judgement. It changes where human expertise is applied. Routine tasks will be automated. Higher-order advisory, interpretation, risk judgment, and relationship trust become more valuable.

Strategic Implications and Institutional Response:

- Trade agreements and diplomacy should prioritise services access and recognition, not only goods.
- Export support must be tailored to intangible delivery, not only shipping containers.
- Tax and reinvestment incentives should encourage firms to build proprietary capability, not extract value early.

Commercial implications:

Professional services win by translating complex value into credible propositions, demonstrating trustworthiness, and articulating differentiated expertise. Commercial marketers are essential to pricing value, selecting markets, and building sustained demand.

UK global position

The UK is one of the world's most export capable "trust jurisdictions". English law is a default standard for cross-border commerce, and London remains a top global centre for dispute resolution and arbitration. This matters economically because it embeds UK capability inside other countries' contracts, risk frameworks, compliance systems, and capital flows.

Around 40% of global business and financial transactions are governed by English law, and London is one of the most preferred global seats for arbitration.

Because many professional services leaders are partnerships (and therefore not listed), below are the biggest UK listed "business services, data, and assurance" platforms that monetise trust, information, compliance, and standards.

- RELX, approx £40.23bn
- Experian, approx £23.59bn
- Intertek, approx £6.89bn

13.
Financial services and insurance infrastructure: the operating system of capitalism

UK GLOBAL POSITION: #2 OVERALL, #1 IN FOREIGN EXCHANGE

Financial services and insurance are not peripheral industries in the UK economy. They are core B2B infrastructure, underpinning capital allocation, risk pricing, scaling, and international commerce.

Using a composite framework that reflects financial centre competitiveness, market infrastructure dominance, net trade position, and export scale:

- United States: #1 overall by capital markets scale and domestic financial depth
- United Kingdom: #2 overall; #1 globally in foreign exchange trading; leading net exporter of financial services
- Japan: Major financial economy by export scale and domestic market size

The UK is not simply a large market. It is structurally embedded in the global financial operating system.

Evidence

London accounts for approximately 38% of global foreign exchange turnover, the largest share of any global financial centre, according to the Bank for International Settlements Triennial Survey

The UK consistently runs one of the largest financial services trade surpluses globally, recorded in official Balance of Payments data

London ranks within the top two global financial centres in widely recognised competitiveness benchmarks

The UK remains a leading hub for cross-border banking, insurance, derivatives clearing, and asset management

Taken together, these indicators confirm that the UK operates at the top tier of global financial infrastructure.

Industry outline in UK

Financial services are often discussed defensively, as if they are politically fragile or economically narrow. That framing is misplaced.

Finance and insurance are enabling infrastructure for every other hero industry. They allocate capital, structure investment, manage risk, and facilitate cross-border expansion. Without sophisticated financial architecture, advanced manufacturing, life sciences, technology platforms, and professional services cannot scale effectively.

London's competitive advantage lies in ecosystem density: capital, legal frameworks, regulatory sophistication, risk expertise, institutional investors, and executive decision-making concentrated within a globally trusted network This concentration reduces friction, increases liquidity, and accelerates deal velocity.

AI strengthens this position. It enhances risk modelling, fraud detection, regulatory compliance automation, and transaction processing speed. It compresses decision cycles and increases capital allocation precision. The UK's challenge is not sector relevance, but maintaining competitiveness through regulatory clarity, talent retention, capital market depth, and technological leadership.

Strategic Implications and Institutional Response

Financial and insurance markets are complex and trust-sensitive. Differentiation is not cosmetic; it is structural. Marketing, proposition design, data integration, and strategic positioning are increasingly integrated with product and risk architecture.

The UK's advisory and strategic capability in financial services strengthens its global influence beyond capital flows alone. When international firms structure deals, raise capital, insure risk, or design market entry strategies through London-based expertise, the UK becomes embedded in global commercial decision-making.

Representative UK-listed financial institutions

- HSBC Holdings plc, market capitalisation approximately £224bn
- Barclays plc, market capitalisation approximately £65bn
- Lloyds Banking Group plc, market capitalisation approximately £63bn

These firms operate globally, reinforcing the UK's role in international banking, capital markets, and financial intermediation.

14.
Technology, data, and B2B platforms: scale without mass

UK GLOBAL POSITION: TOP 3 GLOBAL B2B TECHNOLOGY ECOSYSTEM OUTSIDE THE US AND CHINA

Technology leadership is often misunderstood in public debate. Global technology dominance is typically associated with hyperscale consumer platforms headquartered in the United States and, increasingly, China. That is not the framework used in this report.

This section assesses technology strength through a B2B lens: enterprise software, fintech, applied AI, data infrastructure, cybersecurity, and platform-enabled services. These are the systems that enable other industries to operate, scale, and compete.

Under this framework:

- United States: #1 by hyperscale platform dominance, enterprise software depth, and capital markets scale
- China: #2 by platform scale and domestic ecosystem size
- United Kingdom: #3 globally in advanced B2B technology ecosystems and #1 in Europe

This ranking is not based on market capitalisation of consumer platforms. It is based on ecosystem density, tradable digital services exports, venture capital deployment, fintech concentration, and enterprise-facing innovation.

Evidence and institutional context

- WTO World Trade Statistical Review places the UK among the leading exporters of telecommunications, computer, and information services.
- ONS Pink Book confirms sustained strength in UK trade in computer and information services.
- OECD Digital Economy Outlook classifies the UK among advanced digital economies by services intensity and enterprise digital adoption.
- Dealroom ecosystem reporting consistently ranks the UK as Europe's largest technology ecosystem by total value and first in Europe by venture capital deployment.
- The UK hosts one of the highest concentrations of fintech firms globally and a leading AI startup ecosystem in Europe

It is important to state clearly what this does and does not mean.

The UK does not dominate global consumer platforms. It does not lead hyperscale cloud infrastructure. It does not control global operating systems.

Its strength lies elsewhere.

The UK excels in applied enterprise technology, fintech infrastructure, data services, and IP-driven B2B platforms. These sectors scale globally without requiring a vast domestic consumer base.

This is scale without mass.

Industry outline in the UK

The UK has produced globally relevant B2B technology firms across:

- Enterprise software
- Fintech and payments infrastructure
- Market data and financial platforms
- Cybersecurity
- AI-enabled services
- Semiconductor IP design

These firms demonstrate a core advantage of modern B2B systems: relatively small teams can create global impact when technology platforms scale internationally.

AI materially lowers startup friction. It enables rapid prototyping, automated workflows, faster experimentation, and compressed product cycles. It reduces capital intensity at early stages and accelerates go-to-market efficiency.

This dramatically increases the potential number of globally viable UK firms.

But it also increases mobility.

If companies can build anywhere, they will choose environments offering:

- Fast and flexible access to capital
- Deep technical talent
- Regulatory clarity
- Competitive tax treatment
- Access to international markets

In an AI-enabled world, competitive advantage becomes portable.

The opportunity is significant. So is the flight risk.

Strategic Implications and Institutional Response

- Capital velocity matters. Equity access is often more appropriate than debt for early-stage technology firms
- Regulatory clarity must enable experimentation without sacrificing systemic integrity
- Immigration, talent development, and founder incentives directly influence ecosystem density
- Alignment between technology policy and financial regulation is increasingly decisive
- European market access remains structurally important for UK-based B2B platforms

The UK already possesses deep capital markets, legal infrastructure, global investor networks, and strong university spin-out capability. The policy objective is not to create a technology ecosystem from scratch, but to maintain and accelerate one that is already globally relevant.

Strategic semiconductor capability

Geopolitical concentration risk in semiconductor fabrication, particularly in East Asia, represents a systemic vulnerability for advanced economies. Any disruption in Taiwan would have immediate consequences for global supply chains across automotive, aerospace, defence, telecommunications, and AI infrastructure.

The UK already occupies a structurally important position at the design layer of the semiconductor value chain. Through firms such as Arm and a network of high-value IP-driven chip designers, Britain sits near the top of multiple B2B supply chains.

Design leadership is strategically valuable, but fabrication capacity remains globally concentrated.

A carefully structured, government-backed framework to support semiconductor manufacturing capability in the UK, whether through targeted fabrication investment, strategic partnerships, or advanced packaging and materials capability, would enhance supply chain resilience, reinforce the UK's position in high-value B2B technology, and reduce exposure to geopolitical disruption.

This is not an argument for autarky or for replicating the scale of Taiwan or South Korea. It is an argument for aligning national industrial capability with existing strengths in semiconductor design and AI infrastructure.

In a world where supply chain resilience is increasingly synonymous with national competitiveness, semiconductor capability is strategic infrastructure.

Commercial marketing implications

In B2B technology platforms, marketing is not cosmetic. It defines categories, educates markets, and shapes demand signals. Commercial marketing functions integrate product positioning, pricing architecture, go-to-market strategy, and customer data interpretation.

In enterprise-facing technology, the commercial interface is often as strategically important as the underlying code.

This reinforces the UK's wider strength in advisory and commercial capability.

Representative UK-listed firms

- Arm Holdings plc, semiconductor IP leader £3.5bn
- London Stock Exchange Group plc, global market infrastructure and data provider £8.9bn
- Sage Group plc, enterprise software £2.3bn
- Wise plc, cross-border payments infrastructure £840m

These firms illustrate the UK's orientation toward infrastructure, enterprise systems, and globally scalable B2B platforms.

Position statement

The UK does not compete with the United States on hyperscale consumer dominance. That is not the relevant benchmark.

The UK competes in high-value, enterprise-facing technology domains where intellectual property, financial integration, and platform architecture drive global reach.

Measured by ecosystem density, tradable digital services, venture deployment, and fintech leadership, the UK qualifies as a top-tier global B2B technology platform economy and the leading ecosystem in Europe.

15.
Artificial intelligence and advanced computing

A strategic accelerator of the UK's B2B economy

Artificial intelligence represents one of the most important technological shifts shaping the global economy. Unlike traditional industries, AI functions not only as a sector in its own right but also as a **general purpose technology** that enhances productivity across many industries.

The United Kingdom occupies a strong position within the global AI ecosystem. International comparisons consistently place the UK among **the top tier of global AI ecosystems**, although precise rankings vary and evolve quickly as the technology advances. This standing reflects the country's world class research universities, frontier laboratories such as DeepMind, and a rapidly expanding ecosystem of AI startups and applied technology companies.

For the UK's B2B economy the significance of AI lies in its role as a f**orce multiplier across existing hero industries.** Financial services, professional services, life sciences, advanced engineering and technology platforms all depend heavily on complex knowledge work, modelling and data analysis. These are precisely the areas where artificial intelligence systems can deliver the greatest productivity gains.

Rather than emerging as a single standalone export industry, artificial intelligence is likely to become a **foundational layer underpinning the competitiveness of multiple UK sectors.** In this sense AI strengthens the very industries that already define Britain's global B2B advantage.

As adoption accelerates across the economy, AI will increasingly shape how British firms design products, deliver services and compete internationally. For a country whose economic strengths lie in expertise intensive sectors, the technology represents a powerful opportunity to amplify productivity and global reach.

Artificial Intelligence

Global ecosystem rank

Top tier globally; position varies across a rapidly evolving landscape

Source: Tortoise Global AI Index

KEY ASSETS

- World class universities
- DeepMind frontier research
- Arm semiconductor architecture
- London AI startup ecosystem
- Strategic role
- Productivity engine across UK hero industries

16.
Life sciences, health, and scientific services: deep capability, long horizons

UK GLOBAL POSITION: TOP 3 GLOBALLY

The UK is one of very few countries combining elite research, clinical trials infrastructure, and global pharmaceutical scale. It consistently ranks alongside the United States and one European peer.

Indicative ranking logic:

- United States: #1
- United Kingdom: #2 to #3 depending on metric
- Germany or Switzerland: competing for #3

Evidence

- UK hosts two of Europe's most valuable global pharmaceutical companies
- UK research output and clinical trial activity are globally significant
- Life sciences exports are high value and globally integrated

Sources: London Stock Exchange sector listings, ONS Life Sciences Economic Estimates, OECD Biotechnology Indicators

Industry outline in the UK

Life sciences are often framed as pharmaceuticals alone, but the UK's strength is broader. It includes research services, clinical infrastructure, diagnostics, medtech, and scientific capability embedded in global supply chains.

These sectors are exportable and high value, but they require patient capital and coherent governance around IP and regulation. AI accelerates discovery and analysis, but does not remove the need for deep human expertise and trusted institutions.

Strategic Implications and Institutional Response

- Equity participation is often more appropriate than debt for deep capability sectors.
- Patient capital should be supported through co-investment structures.
- Clear IP and governance frameworks protect innovation and encourage scaling.

Commercial marketing implications:

Scientific capability must be translated into commercial adoption. Marketing supports trust building, ecosystem partnership development, and global expansion strategies.

UK global position

The UK is one of the few countries that combines top-tier science, clinical infrastructure, and global commercialisation capability at scale. In market terms, the UK is home to some of Europe's most valuable life sciences platforms and remains globally relevant in pharma, clinical research, and health innovation.

The scale of the UK's listed life sciences champions is visible in global market cap rankings for pharmaceuticals, where UK firms sit in the top tier.

Top UK listed firms (market cap)

- AstraZeneca, approx £217.41bn
- GSK, approx £88.11bn
- Haleon, approx £34.22bn

17.
Advanced engineering and industrial systems:
deep capability, long horizons

UK GLOBAL POSITION: TOP 5 OVERALL, TOP 3 IN COMPLEX SYSTEMS

The UK is not a mass manufacturing power, but it is exceptionally strong in high-complexity, safety-critical systems such as aerospace engines, defence platforms, and industrial safety technologies.

Indicative ranking logic:

- United States: #1
- Germany: #2
- United Kingdom: #3 in aerospace and defence systems

Evidence

- UK firms play central roles in global aerospace and defence supply chains.
- UK engineering exports are concentrated in high-value, long-cycle systems.
- Market capitalisation of UK engineering primes reflects global relevance.

Sources: London Stock Exchange aerospace and defence data, UK Defence and Security Exports statistics, OECD Industrial Performance Indicators

Industry outline in the UK

The UK's strength in engineering is not necessarily mass production. It is precision, integration, specialised systems, and high-value components.

Aerospace, energy systems, industrial technology, and net zero infrastructure are inherently B2B and export-oriented. They require long-term investment certainty and skilled talent pipelines.

AI enables better simulation, optimisation, predictive maintenance, and systems design, increasing competitiveness. But the sector requires long-term coordination and capital.

Strategic Implications and Institutional Response

- Long-term investment certainty matters more than short-term subsidy programmes.
- Skills and apprenticeships must align to real industrial needs.
- Public-private co-investment can de-risk major system transitions.

Commercial marketing implications:

Engineering increasingly competes on service models, integration, and long-term relationships. Marketing supports proposition clarity, value articulation, and global positioning.

UK global position

The UK's engineering strength is concentrated in complex systems, high assurance manufacturing, and long-cycle infrastructure, precisely the B2B domains where trust, certification, and integration matter. This is also an area where the UK retains global relevance through aerospace and defence systems, and through specialist industrial platforms that export embedded capability rather than commodities.

The international market values of UK engineering primes provide a simple proxy for global significance, particularly in aerospace and defence.

Top UK listed firms (market cap)

- Rolls-Royce, approx £100.83bn
- BAE Systems, approx £54.21bn
- Halma, approx £13.38bn

18.
Creative, marketing and information services

UK GLOBAL POSITION: TOP 2 GLOBALLY

The UK's creative and publishing sectors extend far beyond traditional agency models. They encompass a broader ecosystem of film, television, content production, information services and intellectual property driven businesses that operate at global scale. In recent years, shifts in global production have seen significant investment flow into the UK, particularly in film and high-end television, reinforcing its position as a hub for commercially viable creative output.

The UK is one of the world's leading exporters of creative and commercial services, particularly in advertising, marketing services, information services, and commercial content. Only the United States exceeds the UK by scale.

Indicative ranking logic:

- United States: #1
- United Kingdom: #2

Evidence

- UK runs a persistent surplus in services trade.
- UK creative and commercial services are embedded across global B2B markets.
- UK agencies and information firms operate at global scale.

Sources: ONS Trade in Services, Department for Business and Trade, Creative Industries Statistics OECD Services Trade data

At their core, these industries represent the commercialisation of creativity, turning ideas, content and intellectual property into scalable, exportable value.

B2B agency scale: the UK's "hidden giant" and "Soft Power" advantage

One of the cleanest proof points for the UK's global weight in B2B-specific creative and commercial services is the agency layer itself.

In B2B Marketing's 2025 Global B2B Marketing Agencies benchmarking league table (ranked by top earners), the published top 10 are:

Rank	Agency	YoY change in Global GI as a %	Global GI headcount 2024	Global GI headcount % change YoY	Rank in 2024
1	Dentsu B2B	-1.60%	828	-3.16%	2
2	Gravity Global	3.54%	413	-14.14%	4
3	BBN International Ltd.	-15.44%	1323	-0.37%	3
4	VCCP Business	-2.00%	421	-14.08%	5
5	Bray Leino + MX	-5.65%	375	10.07%	6
6	ROI•DNA, a Hotwire Global Company	-5.64%	221	-6.00%	*
7	Transmission	-3.74%	235	-6.75%	8
8	Ledger Bennett	67.86%	98	44.12%	12
9	Luxid Group	7.83%	146	1.39%	13
10	Tangent	32.52%	70	9%	*

What matters here is not just who is on the list, but what it implies: the global B2B agency "major leagues" are disproportionately anchored in the UK, either UK-headquartered (e.g., Transmission, VCCP, Bray Leino + MX) or with a clear UK centre of gravity and leadership footprint (e.g., Dentsu B2B listed with an England HQ; Gravity Global's primary listed location in London.

https://www.b2bmarketing.net/reports/global-b2b-marketing-agencies-2025-report/

Why this happens (and why it matters to UK PLC):

- The UK sits at the intersection of global services export strengths (finance, law, professional services) and the commercialisation layer that helps those sectors scale internationally.
- The UK's B2B agency ecosystem has matured into a genuine export capability: it doesn't just "make comms" it builds demand systems for complex, high-trust, high-value sectors.
- In practice, this means the UK doesn't only export creativity; it exports go-to-market capability that multiplies the output of the other hero industries.

UK global position

One of the UK's most under appreciated B2B strengths lies in creative and commercial services. These enable other firms to articulate value, enter markets, build demand, and differentiate.

"In a world of AI-generated sameness, the ability to craft differentiated narratives, build trust, and translate complex value into compelling propositions becomes more important, not less."

Creative and Strategic Agencies as Soft Power Infrastructure

Creative, advisory, and strategic agencies are not merely commercial service providers; they are instruments of soft power and economic influence. When UK agencies advise international firms on growth strategy, brand positioning, market expansion, and competitive advantage, they embed British commercial thinking directly into global enterprise decision-making.

For decades, British agencies have cultivated a reputation for strategic rigour, creative leadership, and advisory sophistication. This perception that the UK operates at the forefront of strategic and creative capability strengthens Britain's influence beyond traditional diplomatic or financial channels. It positions the UK not only as a market, but as a source of intellectual and commercial leadership.

The impact extends beyond agency revenue. Advisory relationships shape global procurement decisions, partnership networks, investment flows, and technology adoption patterns. They influence how companies structure supply chains, enter markets, and allocate capital. In doing so, they reinforce the UK's wider B2B ecosystem.

If international firms look to Britain for guidance on how to compete, grow, and innovate, the UK becomes structurally embedded in the architecture of global commerce.

That is not incidental. It is strategic.

Maintaining this position requires sustained investment in high-value advisory capability, international reach, and AI-enabled strategic transformation. Without active reinforcement, advisory leadership can erode quickly as competitors invest aggressively in their own strategic ecosystems.

Creative and strategic consultancy is therefore not peripheral to economic policy. It is a multiplier of national influence.

Strategic Implications and Institutional Response:

- Recognise creative and commercial services as exportable B2B infrastructure.
- Support international expansion of UK creative and strategic consulting B2B firms.
- Build skills aligned to strategic B2B growth, not only consumer campaigns.
- Invest in all agency groups rapid realignment with AI impact on revenues and development towards more strategic consultancy.

Commercial marketing implications:

This sector is the home of commercial marketing excellence. It helps shape the UK's ability to sell complex value globally.

UK global position

The UK is unusually strong in exportable publishing, information, and commercial knowledge services, particularly where content, data, intelligence, and communication sit at the heart of enterprise decision-making and market formation.

This is not consumer media. It is high-value, high-trust publishing infrastructure: research, benchmarks, standards, indices, professional education, data platforms, and specialist content that organisations rely on to allocate capital, manage risk, comply with regulation, adopt technology, and enter markets.

UK-based publishing groups do not merely analyse markets; they actively shape how markets function, by defining categories, setting benchmarks, convening professional communities, and embedding proprietary knowledge directly into commercial and institutional workflows.

In an AI-accelerated world, this capability becomes more valuable, not less. While AI will transform how knowledge is processed and distributed, ownership of trusted datasets, brands, standards, and professional audiences becomes a strategic advantage. The UK's publishing sector sits squarely inside the global knowledge economy, exercising influence far beyond its visible headcount.

Publishing, in its modern form, sits at the intersection of information, data and professional insight, forming a critical part of the UK's B2B infrastructure.

This sector matters because it multiplies the effectiveness of every other hero industry. Finance, professional services, technology, life sciences, engineering, and creative services all depend on authoritative information, trusted insight, and credible commercial narratives to scale internationally.

The UK runs a persistent services surplus and is a major exporter of services in global trade and publishing, data, and information services are a core pillar of that surplus, even though they are often under-recognised in conventional industrial strategy.

Top UK listed publishing and information firms (market cap)

- **WPP, approx £2.78bn**
  (Creative and commercial services anchor; demand creation and brand systems – though declining with core B2C advertising revenues at risk)
- **Informa, approx £10.76bn**
  (Global B2B publishing, intelligence, events, and professional communities)
- **Pearson, approx £5.72bn**
  (Education, assessment, and global knowledge infrastructure)
- **RELX (private comparator) [was formerly known as Reed Elsevier PLC]**
  (One of the world's most influential information, data, and analytics businesses, underpinning science, law, finance, and risk markets globally)





PART V

What government can actually do and what it should stop trying to do

19.

The hard truth: government is dreadful at advising small business

Any serious growth strategy must begin with realism.

Government is structurally poor at advising small businesses. It is not because of lack of talent or intent. It is because government is designed to manage risk out of systems, not to cultivate risk within them.

> *Government is structurally poor at advising small businesses."*

Small businesses live inside uncertainty. They need judgement, speed, context, and lived commercial experience. Bureaucracies struggle with these by design.

Successive governments have tried to solve the growth challenge by building programmes, hubs, agencies, and branded initiatives. Many have been well intentioned. Few have been transformative.

The failure pattern is consistent: programmes are slow, process-driven, risk-averse, generic, and disconnected from lived commercial reality.

The policy mistake is not that government wants to help. It is that government repeatedly tries to be the helper rather than enabling the helpers.

20.

Reframing the role of government: from operator to underwriter

If the UK wants to accelerate B2B growth, government should not attempt to run complex business support systems, act as a primary advisor to entrepreneurs, or build growth environments under its own brand.

Government should focus on what it alone can do:

- Underwrite risk at scale
- Signal long-term intent
- Enable capital flow
- Guarantee a baseline of demand for expertise provision
- Accept loss as the price of compounding success

In practice, this role already exists in various forms, from public procurement and co-investment through to targeted support mechanisms governed by subsidy control frameworks.

This requires a mental shift. Government already loses money each year through trade deficits, debt servicing, and foregone growth. The question is not whether government can afford to take risk. The question is whether it can afford not to.

Government must speculate on its own people and firms, just as private equity and venture investors do. With discipline and transparency, not with fear of headlines.

The question is not whether government participates, but how deliberately and effectively it supports the sectors that drive long-term economic value

> *I've spent my career championing B2B businesses, yet governments too often treat them as background infrastructure rather than a frontline growth strategy. If the UK wants a more balanced and resilient economy, it must start backing the sectors that enable every other industry to grow.*
>
> Mark Lethbridge, *Chairman,* **Gravity Global**

21.

Let the private sector build the knowledge infrastructure

The UK already possesses many of the components of a modern knowledge infrastructure, spanning research institutions, industry bodies, data platforms and private sector networks. The challenge is not to build these from scratch, but to connect, standardise and scale them so they operate as a coherent system.

In this context, knowledge infrastructure refers to the mechanisms through which insight, data, benchmarking and best practice are created, shared and applied across industries. These systems are critical to improving productivity, capability and competitiveness at scale.

The role of government is not to own or operate this infrastructure, but to enable its development through coordination, standard setting and targeted support. This is not primarily a question of increased public spending, but of creating the conditions for private sector led systems to emerge and scale effectively.

22.

A practical mechanism: credits, guarantees, and private delivery

Here is a coherent system that aligns with UK reality.

Step one: commercial commitment first
Support should be earned through commitment. Businesses must invest seed money or take on a small loan. This creates discipline and prevents dependency.

Step two: government-backed loan guarantees
Banks are risk-averse, especially for early-stage B2B firms with intangible assets. That is structural, not malicious.

Loan guarantees share downside risk and enable capital to flow. Similar schemes proved valuable in past decades. The logic remains relevant.

Government must accept that some defaults will occur. That is the price of enabling a portfolio of outcomes where the winners more than compensate.

Step three: earned credits for capability spend
Once commitment and eligibility are established, businesses earn credits that can be spent on approved private-sector capability providers.

Credits should fund:

- Mentoring and advisory
- Market research and export readiness
- Proposition and pricing work
- Commercial strategy
- Systems, operations, and go-to-market improvement

Government does not choose the advisor. The business does.

This ensures market discipline, competition, and relevance. Private firms will build advisory hubs and expertise networks because demand is predictable and payment is reliable. That is how ecosystems form, not by decree, but by credible demand.

One caveat matters. This approach fails if government over-designs it.

The more complex the eligibility rules, the more prescriptive the delivery frameworks, and the more centralised the decision-making, the more the system recreates the very frictions it is intended to remove. The objective is not administrative elegance, but commercial effectiveness. Government's role is to enable flow, not to perfect process.

23.
Capital velocity matters more than capital volume

A key lesson from high-performing ecosystems is that the availability of capital is not enough.

"Capital must move at the speed of opportunity."

Silicon Valley succeeded largely because capital was accessible quickly, failure was tolerated, and success attracted more capital. Not because government spent perfectly, but because the environment allowed money to flow and talent to follow.

The UK does not need to replicate Silicon Valley. It needs to internalise the principle: capital must move at the speed of opportunity, especially in an AI-enabled economy.

Government's role is to remove friction, not design perfection.

24.
When scale requires equity: government as long-term shareholder, not operator

While the UK was part of the European Union, state aid rules placed tighter constraints on the use of equity participation, typically requiring governments to act on market terms or within narrowly defined frameworks. In practice, this limited the extent to which equity could be used as a proactive industrial strategy tool.

Post-Brexit, the UK's subsidy control framework provides greater flexibility to deploy equity participation more deliberately in support of strategic sectors. This creates an opportunity to align public and private capital behind areas of long-term economic value, particularly where scale, innovation or national capability are at stake.

In that context, developing a clear and consistent approach to equity participation becomes strategically important. It enables government to act not just as a funder, but as a long-term partner in value creation, while ensuring that the benefits of growth are more directly shared."

This is not radical. It is balance sheet strategy.

25.
Dividends, the collective dividend, and the future welfare state

The UK state carries long-term obligations around healthcare, pensions, and welfare. These obligations rise as populations age, as medical capability expands, and as expectations of social provision increase. At the same time, taxing labour and consumption has clear structural limits in a low-growth environment. There is only so much revenue that can be extracted from work and spending without constraining the very activity on which the system depends.

In functional capitalist economies, welfare is not a starting condition of success.

It is an outcome.

Welfare exists because a surplus exists. That surplus is generated when firms, workers, and institutions create more value than they consume. Only then can resources be redistributed to those in need, to those temporarily displaced, or to those unable to participate fully in the economy.

In this sense, welfare is the cumulative outcome of the **collective dividend**: the shared surplus produced by productive economic activity and redeployed to support social stability.

Surpluses are not a given. They have to be earned.

The danger arises when policy treats redistribution as the primary economic objective, rather than as the downstream consequence of growth. When taxation is prioritised primarily to fund immediate payout, without equal focus on how the collective dividend is grown, the state risks shrinking the very base on which welfare depends.

The UK increasingly risks taking first and hoping to earn later.

In any household or business, this is a recipe for instability. Spending in anticipation of income that has not yet been generated is not strategy. At a national level, the result is slower growth, weaker competitiveness, capital flight, and ultimately reduced fiscal capacity to support those most in need.

This is why the structure of state participation matters.

If the state holds equity in successful growth firms, it can receive dividend streams over time. These dividends supplement tax revenues, reduce borrowing pressure, and help fund public services more sustainably. They align the state's fiscal position with national productive success rather than with extraction alone.

In other words, **productive success can fund social stability.**

This reframes state investment not as spending, but as national wealth-building. It also reframes welfare not as a permanent claim on output, but as a system sustained by growth, productivity, and competitiveness.

A B2B-led growth strategy makes this logic operational. Exportable B2B capability, productivity growth, and global competitiveness are the engines that generate the collective dividend in the first place. Without deliberate acceleration of these engines, no welfare model, however well intentioned, remains sustainable.

Beyond AI. Beyond geopolitical shocks. Beyond any single policy debate, this is the defining test.

If the UK accelerates its **collective dividend,** welfare becomes a durable outcome of success.

If it impedes that dividend, redistribution alone cannot prevent decline.

A note of caution on taxation and global competitiveness

Taxation is fundamental to civilisation. The ability of a state to levy tax and redistribute resources is one of the clearest markers of legitimacy, institutional maturity, and social cohesion. Well-designed tax systems fund public goods, protect the vulnerable, and underpin trust in government.

However, taxation does not operate in a vacuum.

In a globally competitive economy, particularly one dominated by exportable B2B services, cost structures matter. B2B markets are price-sensitive at the margin. When the cumulative tax burden on labour, enterprise, and capital rises materially above that of competitor jurisdictions, the cost of production increases relative to peers.

This does not merely affect profits. It affects pricing, competitiveness, and market share.

In services-led economies, these effects compound through supply chains. Higher marginal costs at one layer are passed to the next, gradually undermining the competitiveness of entire ecosystems rather than individual firms alone. Over time, this suppresses growth, discourages reinvestment, and weakens export performance.

The risk is not taxation itself, **but taxation that impedes the growth of the collective dividend** from which public services are ultimately funded.

UK-specific context: taxation competitiveness in a global economy

Placed in international context, the UK is no longer a low-tax jurisdiction, particularly for mobile capital and internationally traded services.

Key reference points:

- **Overall tax take**
  UK tax revenues currently sit at approximately 35–36% of GDP, around the middle of the OECD historically, but projected to rise towards ~40% of GDP later this decade under current policy settings.
- **Corporation tax**
  The UK's headline corporation tax rate is 25%, above the OECD average (c.21%) and well above structurally competitive jurisdictions such as Ireland (12.5%).While not the highest globally, it is no longer a relative advantage.
- **Personal income tax and National Insurance**
  The UK's combined burden on labour rises sharply at higher earnings. Marginal income tax rates reach 45%, with employer and employee National Insurance adding materially to total labour costs, particularly for skilled, mobile professionals.
- **VAT and consumption taxes**
  VAT at 20% is broadly in line with European peers, but still contributes meaningfully to the overall tax wedge in a services-heavy economy.
- **Tax system competitiveness**
  Composite international indices that measure how supportive tax systems are to investment and growth now place the UK in the lower half of OECD rankings, reflecting complexity, marginal rates, and interaction effects rather than any single tax alone.

Taken together, the UK sits in an uncomfortable position: not the highest-tax economy, but no longer a clearly competitive one, especially for globally mobile B2B firms and talent.



UK tax competitiveness:
relative position among developed economies



- The UK has consistently maintained a high global position in the World Bank Ease of Doing Business rankings, remaining within the top tier of business environments throughout the period shown.
- After 2014, the UK's relative position softened modestly, drifting from peak performance years toward a lower but still competitive global ranking.
- Because the ranking is relative, movement reflects both domestic regulatory changes and improvements made by peer economies.
- The period of relative slippage coincided with rising tax burden, evolving labour regulation, and broader structural economic adjustments, which may have affected the UK's competitive positioning within the global regulatory landscape.

> *Taxation funds civilisation, but competitiveness funds the surplus from which civilisation is paid.*

Conclusion: the limit of extraction

The evidence points to a clear conclusion. The UK is now a **relatively high-tax economy by international standards**, or moving decisively in that direction. It cannot rely on domestic scale to absorb further cost increases, nor can it assume capital, firms, and talent will remain immobile in a globally competitive B2B market. There is a hard constraint here.

Beyond a certain point, additional taxation reduces the attractiveness of the UK as a place to build, scale, and invest, not because taxation is illegitimate, but because marginal costs ultimately undermine competitiveness.

Growth cannot be taxed into existence. Surpluses cannot be redistributed before they are earned.

If the UK impedes the growth of its collective dividend through excessive extraction, it risks eroding the very base on which welfare, public services, and long-term stability depend. In a B2B-led economy, competitiveness is not optional. It is foundational.

26.

Employment agility, AI, and the unintended consequences of rigidity

One of the most difficult policy challenges created by AI is its interaction with employment frameworks.

Traditional employment systems assume relatively stable roles and fixed task boundaries. AI undermines this assumption by automating tasks and reshaping roles rapidly. Tasks are automated first; roles evolve second. The risk does not lie in automation itself, but in how organisations and regulatory frameworks respond to that evolution.

In modern B2B hero industries, value creation depends on fluid combinations of skills. Roles evolve as markets shift. People move across tasks, functions, and value creation patterns. In this environment, the ability to redefine roles quickly becomes central to employment resilience.

There is a structural paradox. Policies designed to preserve specific roles can make those roles obsolete. If firms cannot redeploy staff and redesign roles without legal or financial friction, they face a narrow choice:

- Maintain roles that no longer create economic value
- Reduce headcount to protect margins
- Relocate adaptable functions elsewhere

The result is not job preservation. It is accelerated job loss.

AI introduces an additional macroeconomic tension that must be confronted directly.

> *Counterintuitively, present employee protection legislation actually reduces employee opportunity; the legislation requires substantial revision."*

In business-to-business services, labour is the dominant cost base. As AI systems automate legal, financial, advisory, marketing, and technical tasks, firms face a rational commercial temptation to reduce headcount in order to protect or expand margins.

At firm level, this response appears efficient.

At macro level, if pursued broadly and simultaneously, it can become destabilising. Large-scale labour reduction reduces aggregate household income. Reduced income weakens consumer demand. Weaker consumer demand feeds back into lower demand for goods and services, including B2B services. The result is not a narrow productivity gain but a contractionary feedback loop.

If displacement were to occur at scale, the consequences could include:

- A structural shock to household income
- Reduced consumer demand
- Lower B2B demand across hero industries
- Weaker tax receipts
- Increased fiscal pressure
- Heightened political instability

This is the AI own goal at systemic scale. Firms protect short-term profitability but collectively erode the demand base upon which future revenue depends. The objective of policy should therefore not be to freeze roles, nor to obstruct technological adoption. Nor should it be to subsidise unproductive activity indefinitely. The objective should be managed redeployment.

A more aligned framework would:

- Protect people rather than static job descriptions
- Incentivise retraining and internal mobility
- Reduce friction in role evolution
- Support continuous learning within firms
- Maintain labour market dynamism without encouraging abrupt displacement

Temporary transition mechanisms could allow firms to retain staff during periods of AI-driven restructuring while incentivising internal retraining, role redesign, and expansion into new markets. Rather than paying individuals to remain idle, as in emergency conditions, support should reward firms that actively redeploy talent into growth-oriented functions over a defined adjustment window.

This approach preserves institutional knowledge, brand familiarity, and organisational loyalty. It maintains household income stability during structural change. It reduces the risk of sudden demand contraction. And it supports the broader objective of full employment, which remains central to fiscal stability and social cohesion.

There is also a credible argument that excessive rigidity can create more unemployment than a neutral stance. If adaptation becomes legally complex or financially punitive, firms respond defensively by reducing hiring, accelerating automation, or offshoring adaptable work.

> *Protecting employability is strategically superior to protecting static roles."*

In an AI-enabled economy, agility is not the enemy of job security. It is increasingly its precondition.



PART VI

AI, talent, and the new flight risk

27.
AI changes the economics of starting, scaling and working

AI reduces startup friction. It accelerates research, analysis, content generation, automation, customer insight, and even aspects of product development.

This creates a step change in opportunity, particularly for B2B firms. Small teams can now deliver capabilities that previously required large organisations. Time to market decreases. Iteration speeds up. Global reach becomes possible earlier.

For the UK, this is a major opportunity because AI amplifies precisely the sectors where the UK already competes: professional services, finance, technology platforms, life sciences, engineering systems, and creative and commercial capability.

But the more important implication is not about startups alone. It is about how work itself evolves.

AI as the next productivity release, not a labour collapse

The anxiety surrounding AI often assumes a zero-sum logic: that automation removes work, rather than transforming it. History suggests otherwise.

In the 1970s, large numbers of skilled professionals spent much of their time on tasks that are now almost invisible: typing and retyping documents, circulating internal memos, filing paper records, coordinating meetings by phone, and managing information manually. International communication was slow, expensive, and limited. Productivity was constrained not by intelligence or ambition, but by the friction of process.

When computing, email, digital documents, and global communications arrived, those tasks did not disappear because work disappeared. They disappeared because better tools released human capacity. The same people did more, faster, with wider reach and higher leverage. Entire categories of work emerged that would have been impossible before.

AI represents a similar release.

The fundamental shift is not that "jobs disappear", but that tasks within jobs are automated, compressed, or augmented, allowing human effort to be redeployed to higher-value activity: judgement, synthesis, relationship management, creativity, strategy, and problem-solving under uncertainty.

> *The fundamental shift is not that jobs disappear, but that tasks within jobs are automated, allowing human effort to be redeployed to higher-value work."*

This conceptual model shows:

- Routine and repeatable tasks being automated first
- Semi-structured tasks increasingly augmented by AI
- Human effort migrating towards judgement-heavy, contextual, creative, and relational work

The economic risk does not lie in automation itself. It lies in failure to redeploy. Productivity expands before headcount contracts.

In well-functioning systems, productivity gains arrive before labour displacement. Firms that successfully adopt AI typically do not immediately reduce headcount; instead, they expand output, explore new markets, increase service depth, and improve quality.

This matters for national strategy. Countries and firms that enable rapid redeployment of talent tend to:

- Grow faster
- Retain more experienced staff
- Adapt roles rather than eliminate them

The real danger is not AI adoption, but institutional rigidity where organisations cannot change roles, reassign responsibilities, or reward expanded contribution. In those environments, AI does not free people to do more; it creates pressure to remove them.

Experience and judgement become more valuable, not less. A common misconception is that AI favours the young over the experienced. In reality, AI systems require context, judgement, and domain understanding to be applied effectively.

As tools become more powerful, the premium shifts towards:

- knowing what questions to ask,
- understanding trade-offs and risk,
- interpreting weak signals,
- and applying insight responsibly in complex environments.

This is why experience matters more, not less. Professionals who combine domain knowledge with cognitive agility become force multipliers. AI does not replace them; it extends their reach.

> *The real danger is not automation itself, but institutional rigidity that prevents people from being redeployed to higher-value work."*

In B2B hero industries; law, finance, engineering, life sciences, technology platforms, and commercial services, value is created not by raw information, but by interpretation, trust, and decision-making under uncertainty. These are precisely the areas where human capability remains decisive.

Talent strategy in an AI economy

The implication for the UK is clear. The most competitive environments will be those that:

- reward learning speed rather than static role definitions,
- allow people to evolve their contribution over time,
- treat AI as a productivity partner rather than a headcount reduction tool,
- and enable experienced professionals to remain economically relevant longer.

AI increases the return on agile minds. It rewards curiosity, adaptability, and synthesis. It penalises systems that freeze roles, fragment responsibility, or resist change.

This is why talent policy, employment frameworks, and organisational design matter as much as technology policy. The UK does not win by protecting yesterday's tasks. It wins by enabling people to do more tomorrow.

Avoid the enterprise AI own goal

In capitalism, there is always a gravitational pull towards cost reduction. When new technology arrives, the first instinct is to remove expense from the system, particularly labour, in order to protect margins and boost short-term profitability.

AI will, in the near term, create a powerful temptation to do exactly this. Automation will appear to replace tasks performed by core staff. Balance sheets will show rapid savings. Earnings will improve. In isolation, this will look like progress.

It is also a strategic mistake.

In the short term, almost any large organisation can improve profitability by reducing headcount. In the medium to long term, firms that treat AI primarily as a redundancy engine will discover they have hollowed out precisely the human capability required to compete, adapt, and grow in newly forming markets.

The real opportunity of AI lies not in workforce reduction, but in workforce redeployment.

AI dramatically lowers the cost of experimentation, market exploration, content creation, analysis, and global reach. This creates an unprecedented opportunity for organisations to take existing talent and redeploy it towards growth: new markets, new propositions, new service layers, and new export opportunities. In a B2B economy, especially one oriented towards global trade, this is where value is created.

The UK is unusually well positioned here. It has a strong entrepreneurial culture, high levels of professional judgement, and a workforce accustomed to navigating ambiguity. Given the right incentives and freedoms, employees themselves can identify AI-enabled opportunities inside their organisations, often faster and more accurately than centralised management structures.

This is why policy stance matters.

There is a credible argument that, during this transition, government should prioritise employment agility over employment rigidity. Not deregulation for its own sake, but flexibility that allows firms to redeploy people, redesign roles, and experiment without disproportionate legal risk. Protecting people matters. Freezing job descriptions does not.

A smart government should be doing everything in its power to support UK-based companies competing globally large firms, mid-size challengers, regional champions, and locally rooted enterprises to maximise revenue and export opportunities during this period of change. This may require tolerating lower short-term efficiency in exchange for higher long-term competitiveness and workforce resilience.

Some global firms will choose to chase short-term profit at the expense of long-term capability. Others will recognise that this transition, likely lasting several years as markets find new equilibria, is precisely the moment to invest in people, retain experience, and expand ambition.

This is the sprint.

In a world of more than seven billion people, the UK's seventy million must compete through capability, not scale. Growth will not come from shedding talent, but from mobilising it. AI makes this possible, but only for organisations and governments with the confidence to see beyond the next quarter.

This is not a threat moment. It is a once-in-a-generation opportunity to redeploy human capability at national scale, expand global reach, and compound advantage.

To avoid the enterprise AI own goal, organisations and policymakers must resist the instinct to cut first and instead focus on unlocking people.

28.
The AI Capital Paradox

Supply, Demand and the Stability of Capitalism

In capitalism, there is always a gravitational pull towards cost reduction. When new technology arrives, the first instinct is to remove expense from the system, particularly labour, in order to protect margins and boost short term profitability.

AI will, in the near term, create a powerful temptation to do exactly this. Automation will appear to replace tasks performed by core staff. Balance sheets will show rapid savings. Earnings will improve. In isolation, this will look like progress.

But this is where the AI Capital Paradox emerges.

Capitalism is fundamentally a demand driven system. Companies optimise supply to meet demand. Productivity gains increase profit, which increases investment, which increases employment, which increases purchasing power, which sustains demand.

AI strengthens the supply side at extraordinary speed.

If firms aggressively remove ten, fifteen, or twenty percent of labour year on year in pursuit of efficiency, the short term financial gains are obvious. Human labour is expensive. It carries cost, friction, absence, churn, pensions, liability, and management overhead. From a narrow P and L perspective, it is rational to automate wherever possible.

Yet the very workers being removed are also the customers, the investors, the taxpayers, and the participants in the markets those firms depend upon.

The paradox is simple but profound:

- In maximising productivity by removing labour too quickly, firms may erode the aggregate demand that sustains their own revenue base.
- We do not operate in a supply driven vacuum. We operate in a demand led economy. Without purchasing power, there is no market. Without markets, efficiency is irrelevant.
- In the short term, AI driven cost compression boosts margins.
- In the long term, unmanaged labour displacement risks shrinking the very markets those firms are trying to dominate.

This is not an argument against AI. It is an argument against narrow deployment logic.

Historically, technological revolutions expanded markets faster than they displaced labour because productivity gains created new industries, new services, and new categories of demand. The printing press, the steam engine, electrification, computing, and the internet all followed this pattern.

They eliminated tasks, but they also generated entirely new ecosystems of work and consumption.

The risk with AI is speed.

If labour is removed faster than it is redeployed, the transition period becomes economically destabilising. Capital markets are highly sensitive to expectation shifts. Consumer confidence is fragile. Investment cycles react to sentiment as much as fundamentals. A rapid contraction in broad based employment can ripple through demand channels quickly.

This is why the issue is strategic, not technical.

Governments cannot restrict AI adoption without damaging competitiveness. Nor should they. The opportunity is extraordinary. AI amplifies precisely the sectors in which the UK already competes at global scale.

But governments must recognise the systemic dimension. The question is not only how to regulate AI security or intellectual property. The deeper question is how AI integrates into the architecture of demand led capitalism itself.

The objective cannot simply be efficiency. It must be sustainable market expansion.

Redeployment as Economic Strategy

The real opportunity of AI lies not in workforce reduction, but in workforce redeployment.

AI dramatically lowers the cost of experimentation, market exploration, content creation, analysis, and global reach. This creates an unprecedented opportunity for organisations to take existing talent and redeploy it towards growth: new markets, new propositions, new service layers, and new export opportunities.

In a B2B economy, especially one oriented towards global trade, this is where value is created. If AI is treated as a headcount reduction tool, the paradox intensifies. If AI is treated as a capability multiplier, markets expand. This is not simply an organisational choice. It is macroeconomic strategy.

Productivity must be matched by participation.

Supply side optimisation must be balanced by demand resilience.

Countries that enable rapid redeployment of talent into new value creation roles will strengthen both profitability and purchasing power. Those that allow labour compression to outpace market expansion risk systemic flight: of capital, of enterprise formation, and of skilled professionals.

The United Kingdom's Strategic Position

In artificial intelligence, relative position matters less than direction of travel.

The United Kingdom occupies a unique place in this debate.

Through the City of London, it sits at the heart of global capital markets. Through its legal infrastructure, it underpins international commercial contracts. Through its professional services, financial systems, engineering capability, life sciences, technology platforms, and creative industries, it competes in high value global B2B markets.

The UK is not simply an adopter of AI. It is a coordinator of global capitalism.

That creates standing.

Just as Britain has historically shaped financial governance, insurance markets, and regulatory standards, it can also frame the economic doctrine of AI integration. Not as a brake on innovation, but as a steward of balance.

Elsewhere in this report, the argument is made that the UK can play a role in global AI governance, ensuring trust, security, and interoperability. That role should extend further.

The UK can lead a global conversation on the AI Capital Paradox.

It can articulate a framework that recognises:

- Productivity gains must be matched by talent redeployment
- Market expansion must accompany cost compression
- Long term demand stability is a strategic asset
- Labour transition is economic infrastructure, not corporate afterthought

This is not an argument against AI. It is an argument against narrow deployment logic.

Historically, technological revolutions expanded markets faster than they displaced labour because productivity gains created new industries, new services, and new categories of demand. The printing press, the steam engine, electrification, computing, and the internet all followed this pattern.

For a nation of seventy million competing in a world of billions, influence is leverage.

If the UK positions itself not only as a centre of AI innovation, but as a centre of AI economic stewardship, it strengthens the relevance of the City, reinforces its global financial role, and attracts firms seeking stable transition environments.

AI will reshape supply.

The UK can help safeguard demand. This is not ideological. It is structural. The AI Capital Paradox warns against confusing efficiency with strength. Sustainable prosperity depends not only on productivity, but on preserving and expanding the demand that makes productivity valuable in the first place.

This is not a threat moment. It is a once in a generation opportunity to redeploy human capability at national scale, expand global reach, and compound advantage.

The choice is not whether to adopt AI. The choice is whether AI compresses markets or expands them.

A Final Warning from History

There will be those who shrug at this point. Every technological revolution, they will argue, has produced anxiety. During the Industrial Revolution, workers smashed machinery in northern England in protest at mechanised looms. History moved on. Productivity increased. Living standards eventually rose.

That is true. But the transition was not clean.

Industrialisation created extraordinary wealth, yet it also produced decades of dislocation, unemployment, urban poverty, and social unrest. Entire communities were destabilised before new equilibrium emerged. The gains were real. The adjustment was painful.

More recently, Britain witnessed another rapid structural shift. When coal mines and heavy industry were closed in the late twentieth century, many were economically inefficient. From a narrow supply side perspective, closure was rational.

But speed mattered.

The rapid contraction of entire sectors left communities without viable transition pathways. The economic logic may have been defensible. The social cost remains debated decades later. The lesson is not that change should be resisted. The lesson is that unmanaged speed fractures systems.

AI introduces change at a velocity unprecedented in previous industrial transitions.

Manufacturing moved from Britain over decades. The economy shifted gradually from industrial production towards services and professional work. Office based roles expanded. Sophistication increased. Value moved up the chain.

AI now moves directly into that layer. If complex office based analytical, legal, financial, and creative tasks become partially or substantially automated within a short period, the transition does not affect one region or one class of work. It affects the cognitive core of advanced economies.

Market forces alone will drive rapid optimisation. They will not naturally manage participation. If adjustment relies purely on cost logic, the system may rebalance quickly on paper, but unevenly in society.

There is a further risk in complacency.

Some argue that entirely new forms of work will emerge, as they always have. That may be true. But the nature, scale, and speed of those roles remain uncertain. Others suggest universal income models or state transfer mechanisms as permanent solutions.

Yet long term economic participation is not only about income. It is about contribution. Ask those who have experienced prolonged unemployment whether passive support replaces purposeful work. Many will say it does not. Income sustains consumption. Work sustains dignity, identity, and social integration.

This is the deeper warning. If AI compresses participation faster than societies can redefine contribution, the economic challenge becomes cultural.

The AI Capital Paradox is therefore not a prediction of collapse. It is a call for intentional management. Transitions can be messy. They can also be guided.

Britain has navigated structural shifts before. It understands both the gains of innovation and the scars of unmanaged change. That experience gives it credibility in shaping this next transition.

The question is not whether AI will settle quickly. It will. The question is whether leadership settles just as quickly.

29.
AI, Talent and the New Strategic Advantage

Artificial intelligence is rapidly becoming one of the defining strategic technologies of the twenty first century. Nations are no longer competing solely for capital, infrastructure or manufacturing capacity. Increasingly they are competing for **talent, compute and intellectual leadership.**

This shift is reshaping the global economic landscape.

Advanced AI systems depend on a relatively small pool of highly specialised researchers, engineers and computational scientists. As the technology accelerates, competition for this talent is intensifying between countries and the world's largest technology companies.

For the United Kingdom this creates not only a challenge but also a significant opportunity.

The relative position of countries remains fluid in such a fast-moving field, with capability, investment and talent shifting rapidly.

From flight risk to opportunity

Historically, economic flight risk was associated with factories moving offshore or financial capital relocating between markets. In the age of artificial intelligence the strategic resource increasingly becomes **human intelligence itself.**

The United Kingdom produces a disproportionate share of the world's leading AI researchers through institutions such as Oxford, Cambridge and Imperial College London. In the past many of these researchers migrated to larger technology ecosystems, particularly in the United States, where access to capital, large scale computing infrastructure and frontier research laboratories could be greater.

Yet this dynamic is beginning to shift. As artificial intelligence becomes central to economic competitiveness, countries are recognising the strategic importance of building strong domestic ecosystems for talent, research and innovation.

In this environment the UK begins from a position of considerable strength.

A strong starting position

The United Kingdom is widely regarded as being among the leading AI ecosystems globally, supported by strong research, talent and applied capability.

This standing reflects a powerful combination of assets.

Britain hosts some of the world's most influential AI research institutions and laboratories, including DeepMind in London, which has delivered major breakthroughs in machine learning and scientific discovery. The country also retains deep expertise in semiconductor design through Arm, whose architecture underpins a large share of global computing infrastructure.

Alongside these capabilities the UK has developed a rapidly growing ecosystem of AI startups and applied technology firms, particularly in London, Cambridge and other research driven clusters.

Taken together these strengths place Britain firmly within the small group of countries shaping the future development of artificial intelligence.

AI and the B2B economy

For the United Kingdom, the strategic importance of artificial intelligence extends far beyond the technology sector itself.

AI systems excel in environments where expertise, modelling, analysis and complex decision making are central to economic value creation. These are precisely the characteristics of the industries that already define Britain's global economic strengths.

Financial services, professional services, life sciences, advanced engineering and technology platforms all rely heavily on knowledge intensive work. Artificial intelligence has the potential to enhance productivity across each of these sectors.

In this sense AI should not be viewed simply as a standalone industry. It represents a powerful enabling layer that amplifies the competitiveness of the UK's existing hero industries.

Rather than reshaping the UK economy away from its core strengths, artificial intelligence may reinforce them.

A distinctly British AI strategy

The global race for artificial intelligence leadership is often framed as a contest between the United States and China. The United States dominates through private sector investment, frontier laboratories and vast computing infrastructure. China pursues a state driven model combining industrial policy, data scale and strategic coordination.

The United Kingdom does not need to replicate either approach.

Instead Britain's greatest opportunity lies in building a **distinctly British model of AI leadership**, one that leverages the country's strengths in research, entrepreneurship and high value knowledge industries.

Three strategic shifts could allow the UK to compete effectively in this landscape.

Become the global hub for applied AI in knowledge industries

Britain's greatest economic strength lies in expertise intensive sectors such as financial services, professional services, life sciences and advanced engineering. These industries rely heavily on complex analysis, modelling and specialised knowledge.

Artificial intelligence can dramatically enhance productivity in these environments.

Rather than competing directly with the United States in building the largest general purpose AI models, the UK should aim to become the **global leader in applied AI for knowledge intensive industries**, embedding AI deeply within the sectors that already define its B2B economy.

Build the world's most attractive ecosystem for AI talent

The United Kingdom already produces world class AI researchers. The strategic challenge is ensuring that these researchers build their companies, laboratories and careers within the UK.

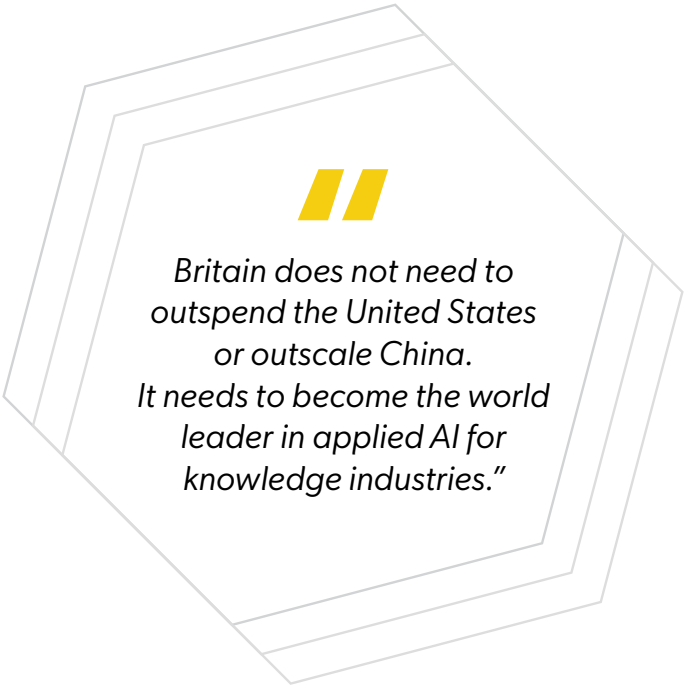
This requires a coordinated approach across immigration policy, research funding, startup capital and access to advanced computing infrastructure.

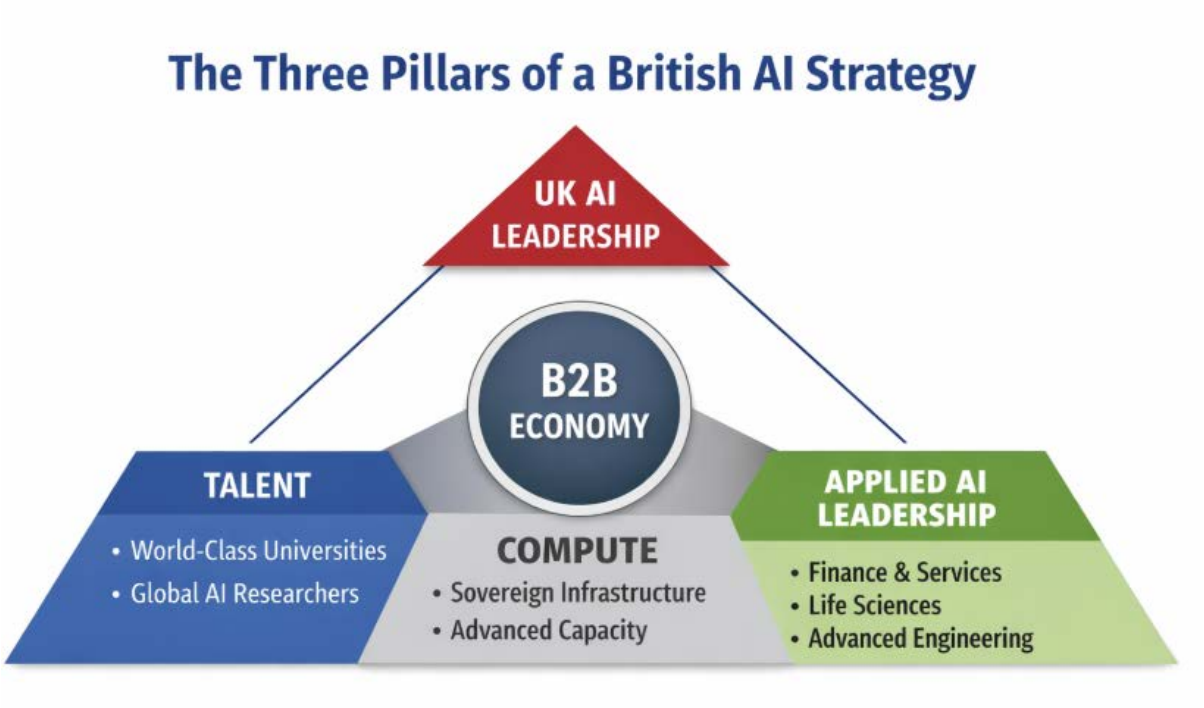
If Britain can become the most attractive place in the world for AI scientists and entrepreneurs to live and build companies, it will secure one of the most valuable assets in the emerging AI economy.

Invest in sovereign compute and digital infrastructure

Modern artificial intelligence systems require enormous computational resources. Access to large scale computing infrastructure increasingly determines which countries can develop and deploy advanced AI systems.

Ensuring that UK universities, startups and strategic industries have access to world class computing capacity will therefore be critical to maintaining competitiveness.





A strategic advantage for the UK

Despite the growing global competition for AI leadership, the United Kingdom begins this race with an unusually strong foundation.

World class universities, frontier research laboratories, semiconductor design expertise and globally competitive B2B industries already form part of the UK's economic landscape.

These are precisely the ingredients required to build a powerful AI ecosystem.

Seen through the lens of the B2B Nation thesis, artificial intelligence does not sit outside Britain's economic model. It strengthens it.

For a country whose competitive advantage lies in expertise intensive industries, AI represents not simply another technological wave but a force multiplier capable of amplifying the global reach and productivity of the UK's B2B economy.

If the UK can successfully mobilise the assets it already possesses, artificial intelligence could become one of the most powerful engines of growth in the next chapter of Britain's economic story.



PART VII

Culture, confidence, and coherence

30.
The invisible constraint

Some of the UK's constraints are cultural rather than technical.

The UK often struggles to articulate what it is good at. Self-deprecation is treated as a virtue. Ambition is sometimes met with suspicion. Success can be downplayed.

This matters because economic behaviour is shaped by belief as much as by incentives. Countries that believe in their export capability invest differently. They build systems around their strengths. They back their firms. They treat capability as strategic. The UK has the assets. It lacks coherence.

31.
Reframing the national story

> *"The UK is not a declining retail economy with a financial district attached."*



It is a globally embedded B2B services and capability exporter. That story should be explicit. It should be embedded in education, trade strategy, policy design, and how the country presents itself to domestic and international audiences.

If the UK does not tell a coherent story about what it sells, it will struggle to organise systems around selling it.



PART VIII

The commercial marketer as strategic infrastructure

PROPOLIS
FROM B2B MARKETING

32.
Redefining what we mean by marketing

Commercial marketers represent a critical, and often under-recognised, layer of modern economic infrastructure. In B2B economies, the ability to understand markets, identify opportunity, position value and bring products and services to market effectively is not a support function, it is a core driver of growth and competitiveness.

This reflects a broader evolution in the role of marketing itself. Traditionally, marketing has been defined by the four Ps: product, price, place and promotion. Together, these form the full system through which organisations identify demand, create value and compete in markets.

In the past decade, particularly following the digital revolution, marketing has often been reduced to the final P, promotion. In B2B markets, that simplification is no longer sufficient. The commercial marketer operates across all four dimensions, continuously shaping products, pricing, routes to market and communication in response to changing demand.

Marketing, properly understood, is the discipline responsible for the entire arc of the customer relationship:

- Understanding markets and customers
- Identifying unmet needs and emerging demand
- Shaping propositions and experiences
- Determining pricing and positioning
- Guiding go-to-market strategy
- Managing retention, expansion, and long-term value capture

In this context, marketing is best understood not as a function, but as a capability: the continuous process of understanding and operating within markets. It is, in effect, a verb. Organisations and hence marketers are 'in market', constantly sensing, adapting and acting. This capability enables them to navigate complexity, identify opportunity and convert innovation into commercial value.

As technology becomes more accessible and increasingly commoditised, competitive advantage shifts towards those who can interpret markets and act decisively within them. The commercial marketer, operating across product, price, place and promotion, becomes central to this process, acting as the bridge between capability and opportunity.

Given the UK's strength in agencies, media and marketing services, this represents a significant opportunity. Marketers in the UK are well positioned to lead this shift, but doing so requires a move beyond promotion alone. This is not a passive transition. It is an active responsibility. The commercial marketer must step forward and own the full scope of market engagement.

In B2B, this arc is complex and long-term. Decisions are high value. Risk is asymmetric. Trust is central. This makes marketing an inherently commercial discipline.

33.
Why commercial marketers sit at the centre of change

Commercial marketers occupy a unique position within organisations. They are close enough to customers to detect change early, yet sufficiently cross-functional to see patterns rather than incidents. They often hold the most integrated view of market intelligence, customer behaviour, value articulation, pricing, and competitive dynamics.

This makes them natural leaders in periods of rapid change, particularly within the UK's hero industries:

- In professional services, they translate expertise into differentiated propositions, identify global demand, and build trust frameworks.
- In finance and insurance, they shape complex offerings into clear value narratives and build confidence in intangible products.
- In B2B technology platforms, they drive category definition, adoption, and market education.
- In life sciences and engineering systems, they connect deep capability to adoption pathways and ecosystem partnerships.
- In creative and commercial services, they are the core capability that enables other sectors to compete.

In many corporates and mid-sized firms, commercial marketing is one of the few functions positioned to coordinate response across silos. It is the practical centre of market-driven agility.

34.
AI amplifies marketing's strategic role

AI increases the volume and velocity of information available. It surfaces patterns, generates analysis, automates execution, and accelerates experimentation.

But information is not advantage. Advantage comes from interpretation, prioritisation, and action. AI commoditises execution and increases the premium on judgement.

Commercial marketing is where this judgement can live, if empowered.

Commercial marketers can use AI to:

- surface weak signals early
- test and refine propositions rapidly
- model scenarios and outcomes
- adjust pricing and positioning dynamically
- feed customer intelligence directly into product and service design

This is the shift you highlighted clearly: in the new world, marketing is not the department that makes things "look good". It is the system through which the organisation understands the future and responds.

35.
Agile frameworks require freedom, not slogans

Agility is often reduced to process theatre. Stand-ups, sticky notes, and slogans.

True agility in a B2B context means:

- short feedback loops between market and strategy
- clear decision rights
- tolerance for informed risk
- ability to abandon assumptions quickly
- integration of marketing, sales, product, finance, and delivery around customer outcomes

These conditions do not emerge automatically. They require leadership design. They also require freedom, because rigid job descriptions and rigid functional silos undermine agility.

Marketing is often the natural home for agile leadership because it already exists at the intersection between uncertainty and opportunity.

36.
Commercial marketers as national economic infrastructure

This is the final step in the argument.

If the UK's growth depends on exporting complex value, and if commercial marketers are the people who translate complex capability into global demand, then commercial marketing is not merely a business function. It is then the future of the national economic infrastructure.

Countries that develop strong cohorts of commercially literate, strategically empowered marketers will:

- identify opportunities earlier
- enter markets faster
- price value more confidently
- build longer-lasting international relationships
- adapt to AI-driven change without losing competitiveness



This is not about promotion. It is about competitiveness. In an era of AI-generated sameness, the ability to differentiate, build trust, and articulate value becomes more valuable. Commercial marketing is how the UK turns capability into compounding export growth.



PART IX

The UK as an Integrated B2B Platform

Before Brexit, the United Kingdom occupied a unique economic position. It was not simply a large European economy. It was an integrated gateway platform between Europe and the wider world.

The UK combined:

- Full access to the EU Single Market
- Participation in the Customs Union
- Regulatory passporting for financial services
- Free movement of skilled labour
- A globally dominant legal framework based on English law
- A deep and internationally connected capital market
- A flexible labour environment relative to most EU peers

This combination was rare. It allowed the UK to operate simultaneously as:

- A European trading nation
- A global financial centre
- A services export powerhouse
- A host location for multinational headquarters
- The result was a highly open, highly networked B2B economy.

The Birthplace of Hero Industries

Many of the UK's Hero Industries emerged or scaled within this integrated environment.

Financial services expanded not simply because of domestic demand, but because London could intermediate capital across the entire EU from a single base.

Professional and advisory services grew because firms could serve multinational clients operating seamlessly across Europe.

Life sciences and advanced research flourished through:

- Participation in EU research programmes
- Cross border scientific collaboration
- Shared regulatory frameworks

Advanced manufacturing integrated into European supply chains, allowing UK producers to specialise within larger continental production systems.

Digital and marketing sectors thrived because the UK was both culturally aligned with the United States and structurally embedded in Europe.

In short, integration amplified scale.

A Model Built on Openness

The UK's pre Brexit economic model rested on three reinforcing pillars:

1. Openness to trade and capital
2. Regulatory alignment with its largest market
3. A services led, B2B intensive industrial base

This model delivered:

- High levels of foreign direct investment
- Deep trade intensity with Europe
- Strong services export growth
- Global financial relevance

It was not without regional inequality or structural imbalances. But from a B2B perspective, it was a high velocity system.

The UK's strength lay not in isolation, but in connection.



Conclusion: the UK PLC choice

Conclusion: the UK PLC choice

When I began the work that led to B2B Nation, I expected to find a UK economy that was strong in a handful of obvious areas, professional services, finance, and perhaps parts of technology, but otherwise structurally ordinary. I did not expect to find a country that, across such a wide range of globally scalable business-to-business sectors, consistently punches above its weight.

What surprised me most was not that the UK is strong in B2B. It was how broadly and deeply that strength runs. Across professional services, financial infrastructure, technology platforms, life sciences, advanced engineering, and creative commercial capability, the UK appears repeatedly near the top of global rankings. Not always first, but almost always in the top tier. In some cases, systemically central rather than merely large.

Having spent my entire career in this world, I was surprised by the evidence. I suspect government is too. And I am certain the general population is.

That matters, because when a country does not understand where its real strengths lie, it struggles to align education, careers, capital, and ambition behind them. Students cannot easily see which skills will compound. Workers cannot easily see which paths lead to durable opportunity. Universities and training institutions struggle to prioritise. Policy becomes reactive rather than directional.

This represents a genuine opportunity for the UK. Higher education will not be affordable or appropriate for everyone, but for those who invest in it, the expectation is rational: a meaningful career and long-term economic participation. Academic institutions, skills systems, and research funding should therefore align more deliberately with the UK's B2B hero sectors, because that is where the money is, where the export demand is, and where careers will scale.

The same clarity is required at the national level. The UK should not be apologetic about its strengths. It should be confident. Not in a geopolitical or military sense, but in a commercial one. The UK has a legitimate claim to leadership in global finance, regulation, professional standards, technology governance, and emerging domains such as artificial intelligence and digital assets.

There is space here for leadership that is not ideological, not partisan, and not rhetorical, but commercial and institutional. If the United States becomes more protectionist under a Trumpian world order, a vacuum opens. Not for political commentary, but for commercial stewardship. The UK is unusually well positioned to step into that role.

Too often, the UK confuses power with visibility, or assumes influence must look like force. In reality, much of the UK's influence comes from being embedded in how the world does business. From setting standards. From governing contracts. From shaping markets quietly and persistently. That is not weakness. It is leverage.

UK PLC has much to lose if it fails to recognise and back its B2B credentials, because this is the part of the economy where it genuinely streaks ahead. One does not see the UK dominating global consumer goods rankings, nor should that be the aspiration. As Napoleon once observed, Britain was a nation of shopkeepers. In the modern economy, that misses the point.

The UK is a country with a vast and vibrant consumer environment, in part because its success allows it to import luxury and choice. But the wealth is not created by the shopfronts. It is created by B2B entrepreneurs, commercial leaders, technologists, financiers, scientists, engineers, and the worker bees who build systems other organisations rely on.

CONCLUSION

As global competition intensifies, it will be difficult to find another country so well placed across such a broad range of exportable, high-value B2B hero sectors. That advantage is real, but it is not automatic. It must be recognised, protected, and deliberately accelerated.

The UK does not need consumers to spend more, or government to grow larger.

It needs to accelerate the part of the economy that already works.

Almost half of UK output is already B2B. B2B is scalable, exportable, and productivity led. AI amplifies the opportunity, but increases the premium on agility and raises the cost of policy rigidity. Slow decision making, unclear signalling, and employment inflexibility become competitive disadvantages.

A coherent national approach would:

- Measure the economy as it actually operates: B2B, B2C, and Government.
- Build a growth strategy around exportable B2B capability.
- Back hero industries that already represent UK advantage.
- Enable private-sector expertise ecosystems through credits and predictable demand.
- Reactivate and expand loan guarantees to enable capital flow.
- Use minority equity participation where debt is unsuitable and build a national asset base.
- Protect people and employability rather than fixed job descriptions.
- Treat commercial marketing as strategic infrastructure that converts capability into demand.

This is not a call for reinvention.

It is a call for alignment.

The UK is already a B2B Nation.

It is time to behave like one!



Appendix A: Methodology, Definitions, and Accounting Framework

How the B2B Nation analysis was constructed

A1. Why this appendix exists (and how to read it)

This appendix does two things at the same time:

1. It documents the **technical methodology** used to construct every chart and table in this report, in a way that is fully auditable and reproducible.
2. It explains the same steps again, in plain English, so that a reader does not need to be a national accountant to understand what has been done.

If you are comfortable with economic statistics, you can read this appendix as a formal methods note. If you are not, you can read it as a guided explanation of how the UK economy is officially measured and why that measurement leads to the conclusions in this report.

A2. The Blue Book: what it is, and why it matters

Technical definition

The **UK National Accounts ("The Blue Book")**, published annually by the Office for National Statistics (ONS), is the definitive statistical record of the UK economy.

It provides a **fully balanced accounting framework** that reconciles:

- Production (what is made)
- Income (who earns from it)
- Expenditure (who buys it)

All official measures of UK GDP used by HM Treasury, the OBR, the Bank of England, and international institutions are derived from the Blue Book.

If the UK economy were a company, the Blue Book would be its audited annual accounts.

It is not a survey, a forecast, or a think-tank model. It is the document the government itself relies on to say: *"this is how big the economy is, and this is what it is made of."*

If an analysis does not reconcile to the Blue Book, it is not describing the official UK economy. This report deliberately starts there and nowhere else.

A3. Supply–Use Tables (SUT): the engine room

Technical definition

At the core of the Blue Book sit the Supply–Use Tables (SUTs).

- These tables simultaneously show:
- Total supply of goods and services (by industry and product)
- Total use of those goods and services
- A full allocation of output across:
    - intermediate consumption
    - final consumption
    - capital formation
    - exports

The tables are arithmetically balanced such that total supply equals total use. SupplyUse Tables answer one deceptively simple question: "Everything produced in the economy who does it end up with?"

Every pound of output must be:

- used by another business,
- bought by a consumer,
- consumed by government,
- invested for the future,
- or sold overseas.

There is nowhere for value to "hide". This is what makes SUTs uniquely powerful for understanding B2B activity, which is usually invisible in consumer-focused statistics.

A4. Core definitions: B2B, B2C, Government

Formal accounting definitions

In this report:

- B2B is defined as intermediate consumption
- B2C is defined as household + NPISH final consumption
- Government is defined as government final consumption

These definitions are taken directly from the SUT framework.

Mathematically:

[Total Output = IC + HFCE + GGFC + GCF + Exports - Imports]

Where:

- IC = Intermediate Consumption (B2B)
- HFCE = Household Final Consumption Expenditure (B2C)
- GGFC = Government Final Consumption
- GCF = Gross Capital Formation

This definition avoids branding or intuition and sticks to accounting reality.

If a business buys something in order to produce something else, that transaction is B2B.

That includes:

- banking services sold to companies,
- marketing, legal, and IT services,
- energy, logistics, components, and machinery.

Even if the same company also sells to consumers, the accounts separate those flows cleanly.

This is why a bank, for example, may appear "consumer-facing", but is economically dominated by B2B activity.

A5. Step-by-step: how the numbers are built

This section explains exactly how the charts were constructed.

Step 1: Start with total output

Technical

We begin with Output at Basic Prices, taken directly from the Use Table.

This represents the gross value of all goods and services produced by UK industries, excluding product taxes and subsidies.

This is the top line: *how much the UK economy actually produces in a year, before worrying about who buys it.*

Step 2: Allocate output by use

Technical

Output is allocated across mutually exclusive categories:

- Intermediate consumption → B2B
- Household + NPISH consumption → B2C
- Government consumption → Government
- Capital formation → Investment
- Exports → Rest of the world

No double counting is possible because the SUT enforces balance.

This is the moment where the economy is "split open". We are simply asking: *of everything produced, how much went to other businesses, how much to consumers, how much to government, and how much abroad?*

Step 3: Why intermediate consumption equals B2B

Technical

Intermediate consumption measures the value of goods and services used up in the production process. It excludes final demand by definition. This is the most important insight in the whole report.

Intermediate consumption is the economic footprint of B2B. It captures the operating backbone of the economy the transactions that make all other activity possible, but which are normally invisible to public debate.

Step 4: Shares and percentages

Technical

For each category X:

$$\text{Share}_X = \frac{X}{\text{Total Output}}$$

This allows comparison across time and sectors.

This turns pounds into perspective. It lets us see not just growth, but what the economy is structurally made of, and how that structure changes over decades

A6. Industry breakdown and "Hero Sectors"

Technical approach

Industries are defined using official CPA / SIC classifications.

For analytical clarity, industries are grouped into Hero Sectors based on:

- position in the value chain,
- knowledge intensity,
- exportability,
- enabling role for other industries.

All remaining industries are grouped as "Other" to preserve national totals. The raw data contains dozens of industries, too many to reason about strategically.

Hero sectors are not invented value; they are re-labelled official industries, grouped so that the reader can see where economic gravity really sits.

Crucially: nothing is removed, nothing is double-counted, and everything still adds back to GDP.

A7. Trade: exports and imports

Technical treatment

Exports and imports are taken directly from the Supply Table.

Exports are allocated to industries and classified as:

- B2B exports
- B2C exports

Imports are constrained so that:

Exports - Imports = Official Trade Balance

Plain-English explanation

We do not "re-estimate" trade.

We take the government's own trade numbers and ask a simple follow-up question:

Are we exporting mainly business value, while importing consumer goods?

The answer, consistently, is yes.

A8. Growth, scenarios, and contributions

Technical

Growth rates are applied using standard compound growth equations.

Contribution analysis uses base-year weights:

$$\Delta Y = \sum w_i \cdot \Delta X_i$$

Where weights are fixed at 2023 levels.

This is not forecasting. It is a controlled way of asking: if different parts of the economy grow at different speeds, which ones actually move the dial?

A9. Assumptions (explicit and visible)

Every assumption in this report is:

- stated,
- adjustable,
- and non-cumulative.

There are no hidden multipliers or opaque models.

If a reader disagrees with an assumption, they can change it and immediately see the effect.

That is intentional.

A10. Final reassurance to the reader

This report does not reinterpret the UK economy.

It uses the **government's own accounting framework**, applies it consistently, and makes visible something that is normally obscured:

The UK economy is structurally driven by B2B activity. This conclusion is not ideological. It is the result of following the numbers all the way through.

If you want, next we can:

- tighten this stylistically into a final publish-ready appendix,
- add a one-page "for ministers" summary of the method,
- or write a short "How this differs from conventional GDP narratives" box.

But substantively this is now technically deep, accessible, and very hard to knock over.



Appendix B: Global Rankings and Data Evidence for UK Hero Industries

B1. Methodology and Definitions

This appendix provides the raw data and peer comparisons underpinning the hero industry rankings presented in the main body of the report.

B1.1 What is being ranked

The rankings do not attempt to measure total economic size. They measure the United Kingdom's global position within six strategic B2B hero industries:

1. Professional and business services
2. Financial services and insurance infrastructure
3. Technology, data, and B2B platforms
4. Life sciences, health, and scientific services
5. Advanced engineering and industrial systems
6. Creative, marketing, and information services

B1.2 Ranking logic

Each hero industry is ranked using the most appropriate global metric for that sector. Depending on industry structure, the primary evidence may include:

- Export scale
- Trade surplus
- Market infrastructure concentration
- Ecosystem density
- Research output
- Capital formation

Where gross exports alone do not capture structural centrality, additional indicators are used and clearly identified.

All export data is drawn from internationally recognised statistical bodies including the World Trade Organization, Bank for International Settlements, NIHR, SIPRI, and UN Comtrade based datasets.

Latest year available at time of writing is used consistently where possible.

B2. Hero Industry 1

Professional and Business Services

B2.1 Primary Evidence Metric

WTO "Other Business Services" Exports

Source: WTO World Trade Statistical Review 2023, Table A48
https://www.wto.org/english/res_e/booksp_e/wtsr_2023_ch5_e.pdf

Exports 2022, USD million

Rank	Economy	Exports 2022 (USDm)
1	United States	245,212
2	United Kingdom	183,881
3	India	120,491
4	China	100,983
5	Singapore	83,471

Interpretation

The United Kingdom ranks second globally in exports of other business services, a category covering legal, accounting, consulting, management advisory, engineering, advertising, and technical services.

This confirms the UK's top two global position by export penetration in professional services.

B3. Hero Industry 2

Financial Services and Insurance Infrastructure

This sector is ranked using a composite framework reflecting global financial centre competitiveness, market infrastructure dominance, net financial services trade position, insurance exports, and gross financial services export scale.
Financial power cannot be assessed by trade flows alone. It must include infrastructure centrality and international intermediation depth.

B3.1 Global Financial Centre Competitiveness

Source: Global Financial Centres Index

New York ranks first globally and London ranks second. These two centres form the top tier of global financial hubs by competitiveness, connectivity, and infrastructure.

B3.2 Foreign Exchange Market Infrastructure

Source: Bank for International Settlements Triennial Survey

London accounts for approximately 38 percent of global foreign exchange turnover, the largest share of any global financial centre. Foreign exchange markets are foundational to global trade and capital flows.

Source: Bank of England summary of BIS Triennial Survey 2022

https://www.bankofengland.co.uk/-/media/boe/files/statistics/bis-survey/2022/summary-of-uk-survey-results-2022.pdf

Share of Global FX Turnover, April 2022

Rank	Financial Centre	Global Share
1	London (UK)	38.1%

B3.3 Net Financial Services Trade Position

Source: ONS Pink Book; IMF Balance of Payments

The UK consistently runs one of the largest financial services trade surpluses globally and is the largest net exporter of financial services in recent years.

B3.4 Insurance and Pension Services Exports

Source: WTO World Trade Statistical Review

The United Kingdom ranks first globally in insurance and pension services exports.

Source: WTO World Trade Statistical Review 2023, Table A38

https://www.wto.org/english/res_e/booksp_e/wtsr_2023_ch5_e.pdf

Exports 2022, USD million

Rank	Economy	Exports 2022 (USDm)
1	United Kingdom	27,640
2	United States	22,668
3	United Arab Emirates	20,176
4	Switzerland	8,598
5	Singapore	7,406

B3.5 Gross Financial Services Export Scale

Source: WTO World Trade Statistical Review

By gross financial services exports, the United States ranks first, Japan second, Switzerland third, and the United Kingdom fourth. This measure is retained as supporting context rather than sole ranking criteria.

B3.6 Ranking Conclusion

Using a composite of infrastructure dominance, centre competitiveness, trade surplus, insurance leadership, and export scale:

- **United States** ranks first overall by scale and capital market depth.
- **United Kingdom** ranks second overall, combining London's global centre status with FX dominance and financial services surplus.
- **Japan** ranks third as a major financial economy by export scale and domestic market depth.

Under this framework, the UK is firmly established as a top tier global financial infrastructure economy.

B4. Hero Industry 3

B4. Technology, Data, and B2B Platforms

B4.1 Telecommunications, Computer and Information Services Exports

Source: WTO World Trade Statistical Review 2023, Table A45

https://www.wto.org/english/res_e/booksp_e/wtsr_2023_ch5_e.pdf

Rank	Economy	Exports 2022 (USDm)
1	United Kingdom	10,883
2	United States	8,075
3	Kuwait	4,609
4	India	3,369
5	Singapore	2,493

WTO notes reporting comparability limitations for this category.

B4.2 Digital Economy and Ecosystem Scale

Source: Dealroom UK Innovation Report 2024–2025

Reported indicators:

- UK technology ecosystem ranked largest in Europe by total ecosystem value
- UK ranked first in Europe by venture capital deployment
- London ranked as Europe's leading tech investment hub

B4.3 Supporting Trade and Digital Services Data

Sources:

- ONS Pink Book – Trade in Services
- OECD Digital Economy Outlook
- UNCTAD Digital Economy Report

These sources confirm the UK as a major exporter of computer, information, and digitally delivered services and a leading advanced digital economy by enterprise services intensity.

B4.4 Composite Ranking Position

Composite assessment based on:

- Global ecosystem scale
- Venture capital deployment
- Tradable digital services exports
- Enterprise and fintech concentration

Ranking conclusion:

1. United States
2. China
3. United Kingdom (leading European ecosystem)

B5. Hero Industry 4
Life Sciences, Health, and Scientific Services

B5.1 Research Output Ranking

Source: NIHR

https://www.nihr.ac.uk/support-and-services/industry/insights/why-bring-your-trial-to-the-uk

Statement:

The UK produces the third highest number of life sciences papers in high quality journals worldwide, after the United States and China.

Peer Ranking:

1. United States
2. China
3. United Kingdom

B5.2 Life Sciences Equity Investment

Source: UK Government Life Sciences Sector Plan

https://www.gov.uk/government/news/life-sciences-sector-plan-to-grow-economy-and-transform-nhs

Statement:

The UK raised the third highest amount of life sciences equity finance in 2023, behind the United States and China.

Peer Ranking:

1. United States
2. China
3. United Kingdom

Position Statement

Based on research output and capital formation metrics, the UK is consistently positioned within the global top three life sciences ecosystems.

B6. Hero Industry 5
Advanced Engineering and Industrial Systems

B6.1 Aerospace Exports

Source: OEC based on UN Comtrade

https://oec.world/en/profile/hs/aircraft-and-spacecraft

Top exporters shown:

1. United States
2. France
3. Germany

The UK ranks within the top tier globally for aerospace systems though not necessarily top three by total export volume.

B6.2 Global Arms Exports

Source: SIPRI Arms Transfers Fact Sheet 2024

https://www.sipri.org/sites/default/files/2024-03/fs_2403_at_2023.pdf

Top exporters 2019–2023:

1. United States
2. France
3. Russia
4. China
5. Germany

Position Statement

While not a mass manufacturing economy, the UK remains globally significant in complex, safety critical engineering systems and high value industrial subsystems, consistent with the report's structural classification.

B7. Hero Industry 6
Creative, Marketing, and Information Services

B7.1 WTO Other Business Services Exports

Source: WTO World Trade Statistical Review 2023, Table A48

https://www.wto.org/english/res_e/booksp_e/wtsr_2023_ch5_e.pdf

Exports 2022, USD million

Rank	Economy	Exports 2022 (USDm)
1	United States	245,212
2	United Kingdom	183,881
3	India	120,491
4	China	100,983
5	Singapore	83,471

B7.2 UK Advertising and Marketing Services Exports

Source: Advertising Association / ONS

https://adassoc.org.uk/our-work/2021-uk-exports-of-advertising-and-marketing-services-reach-15bn

Reported: UK exported £15 billion in advertising and market research services in 2021.

Appendix Conclusion

The tables above provide internationally comparable data supporting the hero industry rankings. Where gross export volumes do not fully capture structural centrality, supplementary indicators such as trade surplus, infrastructure concentration, and ecosystem density are used and clearly identified.

The rankings presented in the main report are therefore grounded in transparent methodology and publicly available international data.

B2B vs B2C allocation framework

Hero industries and supporting structural sectors

Hero or supporting sector	Total output or turnover ($bn)	B2B allocation	B2C allocation	Method confidence	Basis of allocation
Professional and Business Services	354.1	94.8%	5.2%	High	Predominantly advisory, legal, accounting, consulting, employment and professional services sold to organisations
Financial Services and Insurance Infrastructure	401.4	71.4%	28.6%	High	Mix of institutional finance, insurance, capital markets and retail financial services, weighted toward organisational demand
Technology, Data and B2B Platforms	246.2	81.7%	18.3%	Medium	Enterprise software, telecoms, information services and platform infrastructure, with consumer facing elements recognised
Life Science, Health and Scientific Services	100.6	86.1%	13.9%	High	Pharmaceutical and life sciences production, excluding broader public healthcare delivery
Advanced Engineering and Industrial Systems	527.4	91.2%	8.8%	High	Aerospace, defence, industrial systems, machinery, electrical equipment and high value engineering capability
Creative, Marketing and Information Services	231.4	64.7%	35.3%	Medium	Agency models, publishing, advertising, media, information services, brand building and exportable growth capability
Manufacturing	1,720.4	84.6%	13.4%	High	Intermediate goods, components and industrial supply chains, with some direct consumer manufacturing
Construction	437.3	92.3%	7.7%	High	Infrastructure, commercial construction and business investment, with some residential consumer linked activity
Transport and Logistics	243.2	83.8%	16.2%	High	Supply chain distribution, freight, warehousing, business travel and logistics infrastructure
Real Estate	443.6	61.5%	38.5%	Medium	Commercial property, real estate services, rental flows and residential related activity
Public Sector	734.6	52.8%	47.2%	Low	Mixed economic role across individuals, institutions, government procurement and system level services

Note: Total output or turnover values are shown in £bn and are drawn from the working ONS Supply and Use based model. Percentages are shown to one decimal place to reflect proportional estimation and weighted aggregation across mixed revenue models. Figures should be interpreted as directional structural allocations rather than exact accounting partitions.

B2C Scope note

This framework focuses primarily on the UK's major B2B driven sectors, Hero Industries and supporting structural sectors that underpin exportable growth, productivity and long term competitiveness.

Heavily consumer weighted sectors such as retail, accommodation, food services, personal services and household consumption categories have also been accounted for within the full national model and are included in the aggregate B2C calculations shown elsewhere in the report.

They are not listed in detail here because the purpose of this appendix is to explain the structural drivers of B2B economic strength, rather than to reproduce a full national accounts classification.

The absence of these sectors from this table does not diminish their economic importance. It reflects the focus of this report: understanding the scalable half of the economy and the industries that most directly shape national competitiveness.

APPENDIX B

Allocation method

Allocations are derived using a repeatable classification method applied consistently across sectors:

- **Revenue Source Test** – assess whether revenue is primarily derived from businesses or households
- **Value Chain Position Test** – determine whether output is intermediate or final demand
- **Demand Driver Test** – identify whether demand is driven by business investment or consumer spending
- **Channel Structure Test** – evaluate intermediary layers and routes to market
- **Dominant Use Weighting** – apply proportional allocation based on primary economic role
- **Cross-Sector Consistency Check** – validate against overall economic structure

Allocations have been cross-referenced against a range of publicly available datasets and market evidence, including Office for National Statistics (ONS) sector data, Supply and Use Tables, GDP by output, and Standard Industrial Classification (SIC) frameworks.

Where relevant, these have been supplemented by industry structure analysis, observed revenue models and sector-level behaviour to ensure allocations reflect how value is created and captured in practice. This cross-referencing process is applied consistently across all sectors to maintain internal coherence and external credibility

Data sources

- Office for National Statistics (ONS)
- Supply and Use Tables
- GDP (production approach)
- SIC classification framework
- Industry structure and market observations

Treatment of B2B2C sectors

In B2B2C sectors, activity is not attributed solely based on the final consumer outcome, but on where economic value is created and captured.

For example:

- Media and publishing often reach consumers but derive revenue from business clients
- Technology platforms may serve consumers but are funded through enterprise or advertising models
- Supply chain activities are classified as B2B even where outputs ultimately contribute to consumer goods

As a result, allocations reflect revenue structure and value creation rather than end-user visibility.

This approach ensures that classification reflects the economic mechanics of value creation, rather than surface-level consumption patterns. Allocation method

Worked example

Manufacturing

- Total output: £Xbn
- B2B allocation: 85%
- B2C allocation: 15%

Manufacturing output is predominantly composed of intermediate goods supplied into supply chains, with a smaller proportion reaching end consumers directly.

Sector outputs are weighted using the allocations above and aggregated to derive total B2B and B2C shares of economic activity. The purpose is to provide a coherent and internally consistent estimate of economic structure

Methodology Note

The sector allocations and B2B/B2C percentage splits used throughout this report are analytical estimates derived from ONS national accounts structure, Supply and Use Tables, SIC classifications, trade patterns and practical market behaviour, rather than direct published ONS percentages.

Where sector boundaries are not explicitly defined within official datasets, allocation judgements have been made based on the dominant economic function of the sector, the nature of demand, and the balance between organisational and consumer purchasing.

Additional modelling, scenario testing and consistency checks were supported through structured use of AI assisted analytical tools, including ChatGPT, to challenge assumptions, test allocation logic and improve methodological consistency across the report. Final judgement, interpretation and conclusions remain entirely author led.

The purpose of this framework is not to claim perfect precision, but to provide a robust and transparent model for understanding how value is created across the UK economy through a B2B lens.

B2B and B2C allocation framework: detailed workings

This section explains how the report converts official economic data into the B2B and B2C allocation percentages used in the sector framework.

The purpose is not to replace official national accounts. It is to apply a transparent analytical framework to official data so that the B2B structure of the UK economy can be seen more clearly.

The underlying data remains official. The B2B Nation framework is the interpretive layer applied to that data.

Relationship to official national accounting

The report uses the UK National Accounts, commonly known as the Blue Book, and the underlying ONS Supply and Use Tables as the primary economic foundation.

The Blue Book is the official annual record of the UK economy. It reconciles what is produced, who earns income from it, and who buys or uses it.

The Supply and Use Tables sit inside that framework. They show, industry by industry and product by product, how goods and services move through the economy.

In simple terms, the Supply and Use Tables answer the question:

Of everything produced in the economy, who uses it?

Output can be used by:

- other businesses as inputs
- households and non profit institutions
- government
- capital investment
- overseas customers through exports

This makes Supply and Use Tables the most appropriate official source for analysing the scale of B2B activity.

Core economic identity

At the highest level, total use of output can be expressed as:

Total Output = *Intermediate Consumption + Household Consumption + Government Consumption + Gross Capital Formation + Exports*

In this report, those components are interpreted as follows:

B2B = *Intermediate Consumption*

B2C = *Household Final Consumption + NPISH Final Consumption*

Government = *Government Final Consumption*

Where NPISH means non profit institutions serving households.

Plain English explanation:

If a business buys a good or service in order to produce something else, it is treated as B2B.

If a household or non profit institution buys a good or service for final use, it is treated as B2C.

If the state consumes the good or service, it is treated as Government.

This distinction is important because many industries that appear consumer facing are economically driven by business demand, institutional demand or supply chain activity.

Activity level B2B share

At the activity, firm, subsector or revenue pool level, the B2B share is calculated as:

$$B2B\ Share_i = \frac{B2B\ Revenue_i}{Total\ Revenue_i}$$

Where:

- i represents each activity, firm, subsector or revenue pool
- $B2B\ Revenue_i$ represents revenue derived primarily from organisational, institutional or intermediary customers
- $Total\ Revenue_i$ represents total observed revenue or output for that activity

Plain English explanation:

This asks a simple question for each part of a sector: how much of this activity is paid for by businesses or institutions, rather than households?

This avoids forcing whole sectors into a binary B2B or B2C category.

Activity level B2C share

Once the B2B share is estimated, the B2C share is calculated as:

$$B2C\ Share_i = 1 - B2B\ Share_i$$

Plain English explanation:

If an activity is estimated to be 80 percent B2B, the remaining 20 percent is treated as B2C, unless government demand is separately identifiable.

Where government demand is identifiable, it is separated before the remaining activity is allocated between B2B and B2C.

APPENDIX B

Scale up to sector totals using weighted averages

Once activity level shares are estimated, they are scaled up to sector level using weighted averages.

$$Sector\ B2B\ Share = \sum_i (w_i \times B2B\ Ratio_i)$$

Where:

- $\sum_i$ means add up across all activities in the sector
- i means each activity, subsector or revenue pool included in the sector
- w_i means the economic weight of activity i within the sector
- B2B Ratio$_i$ means the estimated B2B proportion for activity i
- all w_i values together add up to 1

Plain English explanation:

Large subsectors matter more than small subsectors.

A large B2B heavy activity has more effect on the final sector percentage than a small consumer facing activity.

This is why the framework is weighted rather than averaged equally across all activities.

Equivalent formula where raw output values are used

Where weights are based on raw turnover or output rather than percentage weights, the equivalent formula is:

$$Sector\ B2B\ Share = \frac{\sum_i (Output_i \times B2B\ Ratio_i)}{\sum_i Output_i}$$

Where:

- Output$_i$ means the output or turnover of activity i
- the numerator calculates B2B weighted output
- the denominator is total sector output

Plain English explanation:

This is the same calculation written in pounds rather than percentages.

It means each activity is weighted by its economic size before the final sector percentage is calculated.

Convert sector shares into £bn values

Once the sector B2B and B2C shares are known, they are applied to total sector output.

Sector B2B Value = Sector Output × Sector B2B Share

Sector B2C Value = Sector Output × Sector B2C Share

Plain English explanation:

After deciding the split, we multiply the sector's total output by the B2B and B2C percentages to produce the £bn values used in the report.

This is how sector percentages become economic values.

National consistency check

The sector values are then added together and checked against the wider ONS Supply and Use framework.

$$National\ B2B = \sum_s Sector\ B2B\ Value_s$$

$$National\ B2C = \sum_s Sector\ B2C\ Value_s$$

$$National\ Government = \sum_s Sector\ Government\ Value_s$$

Where:

- s means each sector in the national model
- $\sum_s$ means add together all sector values

Plain English explanation:

This is where the individual sector decisions are checked at national level.

The framework is not allowed to produce a national picture that contradicts the official structure of the economy.

The sector model must remain consistent with the national totals derived from ONS Supply and Use data.

Hero sector aggregation

Hero sectors are created by grouping official industry codes into strategically meaningful sectors.

The aggregation can be expressed as:

$$Hero\ Sector\ Output_h = \sum_{i \in h} Output_i$$

$$Hero\ Sector\ B2B_h = \sum_{i \in h} B2B_i$$

$$Hero\ Sector\ B2C_h = \sum_{i \in h} B2C_i$$

Where:

- h means the hero sector
- $i \in h$ means all industries included within that hero sector
- Output$_i$, B2B$_i$ and B2C$_i$ are the values allocated to each underlying industry

APPENDIX B

Plain English explanation:

Hero sectors are not new invented data.

They are groupings of official industries.

The purpose is to make the economy easier to understand strategically while preserving the underlying totals.

Nothing is removed. Nothing is counted twice. All mapped industries still add back to the national framework.

Worked example: Manufacturing

Manufacturing output is allocated proportionally across intermediate industrial demand and direct consumer demand.

The framework recognises that manufacturing includes several types of activity:

- industrial machinery
- components
- materials
- consumer goods
- food, drink and household products
- high value engineering inputs

Some of these activities are overwhelmingly B2B. Others have a visible consumer component.

The illustrative weighted framework is:

Manufacturing B2B Share = *(Industrial Machinery × 1.0) + (Component Supply × 1.0) + (Intermediate Materials × 0.9) + (Consumer Goods × 0.35)) / Total Manufacturing Output*

This produces an estimated allocation of:

Manufacturing B2B Share = 84.6%

Manufacturing B2C Share = 15.4%

Plain English explanation:

Most manufacturing output does not go directly to households.

It enters supply chains, supports production in other industries, or becomes part of another product before reaching any final consumer.

This is why manufacturing is treated as predominantly B2B, even though some manufactured goods are eventually bought by consumers.

Worked example: Financial Services and Insurance Infrastructure

Financial services and insurance infrastructure contain both institutional and consumer activity.

The B2B component includes:

- corporate banking
- capital markets
- institutional investment
- insurance infrastructure
- payment systems
- financial intermediation
- foreign exchange and wholesale market activity

The B2C component includes:

- retail banking
- personal insurance
- consumer credit
- household savings and investment products

The allocation framework is:

$$Financial\ Services\ B2B\ Share = \sum_i (w_i \times B2B\ Ratio_i)$$

Where:

- wholesale and institutional financial activity is assigned a high B2B ratio
- retail banking and personal insurance are assigned a lower B2B ratio
- each component is weighted by its estimated economic contribution

This produces an estimated allocation of:

Financial Services B2B Share = 71.4%

Financial Services B2C Share = 28.6%

Plain English explanation:

Financial services are often seen through a consumer lens because people recognise current accounts, mortgages and insurance policies.

But economically, the UK financial sector is heavily shaped by institutional flows, wholesale markets, insurance infrastructure, capital markets and cross border business services.

That is why the sector is majority B2B in the allocation framework.

Trade treatment

Exports are taken from the official trade and Supply and Use framework.

At sector level, exports can be expressed as:

$$Sector\ Exports_s = \sum_i Export_i$$

Where:

- *s* means sector
- *i* means each export activity or product line included in that sector

APPENDIX B

Plain English explanation:

The export figure for a sector is built by adding together the export activity attached to the industries or product lines mapped to that sector.

Where exports are split into B2B and B2C components, the same allocation logic is applied:

$B2B\ Exports_s = Sector\ Exports_s \times Sector\ B2B\ Share_s$

Plain English explanation:

If a sector is estimated to be 80 percent B2B and it exports £10bn, then £8bn of exports are treated as B2B exports and £2bn as B2C exports, unless a more specific export split is available.

Imports are anchored to official totals and are not independently re estimated.

The trade balance identity is:

$Trade\ Balance = Exports - Imports$

At B2B and B2C level:

$B2B\ Trade\ Balance = B2B\ Exports - B2B\ Imports$

$B2C\ Trade\ Balance = B2C\ Exports - B2C\ Imports$

Plain English explanation:

The model does not invent a new trade deficit or surplus.

It starts from official trade values and then applies the B2B Nation framework to understand whether the underlying flows are business led or consumer led.

Financial services trade surplus example

Financial services are treated separately in the global ranking appendix because the UK's position can be tested directly using trade surplus data.

The core equation is:

$Financial\ Services\ Surplus_c = Financial\ Services\ Exports_c - Financial\ Services\ Imports_c$

Where:

- $_c$ means country
- exports are financial services sold to overseas clients
- imports are financial services purchased from overseas providers

Countries are then ranked by surplus:

$Rank_c = Descending\ Rank(Financial\ Services\ Surplus_c)$

Plain English explanation:

This is a simple net trade calculation.

If the UK sells far more financial services to the world than it buys from the world, it has a financial services surplus.

If that surplus is larger than any other country's surplus, it ranks first globally.

This is why the report can describe the UK as a global leader in financial services trade surplus.

Allocation precision note

Percentages are shown to one decimal place to reflect proportional estimation and weighted aggregation across mixed revenue models.

Figures should be interpreted as directional structural allocations rather than exact accounting partitions.

This is important because the Office for National Statistics does not publish a direct B2B versus B2C decomposition at sector level.

The allocation framework is therefore transparent, interpretive and explicitly stated.

Final assurance

The report does not claim that the ONS publishes a ready made B2B economy table.

It does not.

Instead, the report applies a transparent allocation framework to official national accounts data.

The method is:

- anchored in ONS Supply and Use Tables
- consistent with national accounting logic
- explicit about assumptions
- weighted by economic scale
- checked against national totals
- open to adjustment where better data becomes available

The core conclusion is therefore not a rhetorical claim.

It is the result of following the structure of the economy through the official data and applying a clear, visible allocation model.

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