



November 23, 2024

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The Rt Hon Rachel Reeves MP
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The Rt Hon Jonathan Reynolds MP
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His Majesty's Treasury
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RE: U.S. Chamber of Commerce Response on Invest 2035: Building a Pro-Business Environment for Sustainable Growth, Investment, and Innovation

Dear Prime Minister Starmer, Chancellor Reeves, Secretary of State Reynolds, and Chief Secretary Jones:

The U.S. Chamber of Commerce's U.S.-UK Business Council welcomes the opportunity to contribute to His Majesty's Government's (HMG) consultation on the Invest 2035 strategy. We commend your government's ambition to make the UK the most pro-business nation in Europe and appreciate your engagement in creating a strategy that attracts and retains U.S. investment. Currently, U.S. and UK companies account for directly employing a combined 2.6 million people in each other's countries, almost \$2 trillion in foreign direct investment, and trade \$300 billion in goods and services annually. This letter reflects the perspectives of U.S. companies with substantial operations in the UK and provides strategic recommendations to ensure Invest 2035 is a model of pro-business, innovation-driven policy for growth.

The U.S. Chamber of Commerce is the world's largest business association, representing the interests of millions of companies all sizes and sectors across the economy. Through the work of the Chamber's U.S-UK Business Council, we support measures to strengthen and deepen our bilateral economic partnership.



We commend your government’s ambition to pursue pro-growth policies and appreciate your engagement with the private sector as you craft your strategies. This letter reflects the perspectives of U.S. companies with substantial operations in the UK and provides strategic recommendations to ensure Invest 2035 is a model of pro-growth and innovation-driven policy. Representing millions of businesses globally across core sectors—life sciences, pharmaceuticals, medical devices and diagnostics, renewable energy, oil and gas, chemicals, digital and AI, financial services, logistics, automotive, engineering and construction, insurance, consumer goods, and telecommunications—the U.S. Chamber of Commerce is committed to supporting a robust U.S.-UK economic partnership.

Recognizing the critical nature of trade and investment ties with the U.S. is essential for the success of your industrial strategy. As you engage with the incoming U.S. administration, it is vital to retain an open economy and foster strong relationships that can enhance these ties. By implementing our recommendations, we believe HMG can create an environment where businesses thrive, UK economic growth is maximized, and the UK’s leadership in innovation is further solidified.

Sector Methodology

1. **Identifying the Most Important Subsectors for Delivering Objectives:** To maximize the impact of Invest 2035, we recommend that HMG focus on sectors which promise robust growth, global market relevance, and alignment with sustainability, security, and job creation goals. Chief among these:

- **Life Sciences:** Backed by the UK’s regulatory framework and academic institutions, this sector positions the UK as a global hub for biotech and medical innovation.
- **Energy:** Addressing a broad range of energy technologies and sectors will enable the UK to transition to net-zero while strengthening energy security and supply.
- **Digital:** Investments in digital, AI, and cyber resilience are essential to a modern economy and will underpin growth across all sectors.
- **Financial Services:** The UK’s capital markets, banking, asset management; fintech; and insurance industries make it a global financial center and an important gateway for capital flow.



- **Advanced Manufacturing:** This sector leverages innovative technologies and processes to drive productivity and competitiveness, playing a crucial role in the UK's transition to a sustainable economy while fostering job creation and technological advancement.

Selecting and supporting priority subsectors should involve:

- **Data-Driven Analysis:** Using growth projections, market demand, and investment potential to prioritize subsectors.
- **Ongoing Stakeholder Consultation:** Regular engagement with industry leaders, trade associations, and multinational corporations to ensure policies remain responsive to evolving market conditions.
- **Global Market Analysis:** Identifying sectors where UK businesses have a unique advantage, such as life sciences and financial services, to prioritize areas with strong export and investment potential.

Concentrating efforts on these high-potential areas will drive economic impact, foster innovation and continue to attract U.S. investment.

2. **Incorporating Emerging Sectors and Technologies:** Emerging technologies—particularly AI, quantum computing, circularity/recycling, and biotechnology—are likely to shape the global economy in the coming decades. Recommendations:

- **Establish Sector-Specific Innovation Hubs:** Creating hubs for AI, biotech, circularity, and quantum computing will foster collaboration among academia, industry, and government.
- **Develop Public-Private Innovation Funds:** Joint funding initiatives with the U.S. and the private sector will ensure the UK remains a leader in future technologies including engagement with industry to promote commercialization and scale.
- **Adopt Realistic Regulatory Frameworks:** A principles-based approach which yields regulation that is fit for purpose, realistic, and consistent with existing regulations, especially in AI and digital technology, will encourage innovation without excessive compliance costs. Incorporating market demand dynamics will foster greater adoption of recycled material, fostering circularity.



By taking a forward-looking approach, the UK can become an attractive hub for companies driving next-generation technologies.

3. **Incorporating Foundational Sectors and Value Chains:** Foundational sectors—transport, logistics, energy, chemicals, and digital infrastructure—are critical for supporting high-growth industries. Recommendations:

- **Prioritize Infrastructure Investment:** Strategic investments in transportation, energy, chemicals, and digital infrastructure will enhance the UK's ability to support advanced manufacturing, logistics, and the automotive industry.
- **Simplify Regulatory Processes for Foundational Sectors:** Reducing red tape in logistics, telecommunications, and construction will improve operational efficiency and scalability.
- **Strengthen Value Chain Resilience:** Public-private initiatives to support supply chain resilience in sectors like chemicals, consumer goods, and engineering will ensure continuity and reliability. An initial opportunity would be to convene workshops across the value chain to map supply chain requirements, including local sourcing and application to trusted trader incentives.

Strengthening foundational sectors will enhance the UK's appeal to investors and support long-term economic growth by creating a more competitive investment climate and addressing critical challenges such as high energy costs and regulatory burdens.

Sectors

4. **High Impact Subsectors and Technologies:** To achieve sustainable economic growth, HMG should focus on high-impact subsectors that promise significant job creation, innovation, and U.S.-UK collaboration. Priority sectors include:

- **Life Sciences, Pharmaceuticals, and Health Systems:** The UK's expertise in healthcare innovation presents significant opportunities for transatlantic collaboration in drug development, manufacturing, clinical research, diagnostics, and treatment. Key subsectors include: biopharmaceuticals, pharmaceuticals, medical devices, diagnostics, health systems.



- **Energy and Chemicals:** A comprehensive approach to energy technologies and solutions will help the UK meet growing demand while reducing emissions, bolstering energy security, and ensuring price stability. Key subsectors include:
 - i. **Energy:** Natural gas (LNG), nuclear, renewables (wind, solar, geothermal), hydrogen, carbon capture and storage (CCS), energy storage and critical minerals supply chains.
 - ii. **Chemicals:** Specialty chemicals, agrochemicals, industrial chemicals including silicone technology, plastics and polymers, biochemicals.
- **Digital, AI, Financial Services:** The UK's strengths in fintech, AI, and cybersecurity support innovation across industries, reinforcing its position as a leader in the digital economy. Key subsectors include:
 - i. **Digital:** E-commerce, digital marketing, cloud computing, cybersecurity, quantum, and future telecoms.
 - ii. **AI:** Machine learning, natural language processing (NLP), robotics, computer vision.
 - iii. **Financial Services:** We note the recent publication of the Financial Services Growth & Competitiveness Strategy call for evidence, which identified the following priority growth opportunities: Fintech (financial technology), sustainable finance, capital markets, insurance & reinsurance markets, asset management & wholesale services. We would also include: Insurtech (insurance technology) and payment processing.
- **Automotive, Logistics, Advanced Manufacturing, and Engineering:** Growth in these sectors is essential for infrastructure development, transport efficiency, and supply chain modernization. Key subsectors include:
 - i. **Automotive:** Electric vehicles (EVs), autonomous vehicles, automotive components, vehicle manufacturing.
 - ii. **Logistics:** Supply chain management, freight and shipping, warehousing and distribution, last-mile delivery.



- iii. **Advanced Manufacturing:** Aerospace, additive manufacturing, advanced materials, robotics and automation.
- iv. **Engineering:** Civil engineering, mechanical engineering, electrical engineering, aerospace engineering.

5. **UK Strengths and Capabilities in These Subsectors:** The UK's educational institutions and skilled workforce give it a competitive edge in sectors such as:

- **Life Sciences and Healthcare:** Supported by a strong research ecosystem, the UK is well-positioned to lead in biotech, medical devices, and health systems.
- **Digital and AI:** The UK's approach to digital governance and AI research fosters a competitive environment, making it a preferred location for tech firms.
- **Financial Services and Insurance:** As a global financial hub, the UK excels in investment management, banking, sustainable finance, and insurance, benefiting from a highly skilled workforce and regulatory innovation.

By leveraging its strengths and implementing targeted policies, the UK can solidify its position as a leader in these areas and attract further U.S. investment.

6. **Key Enablers and Barriers to Growth:** Key enablers include regulatory predictability, skilled talent, and robust infrastructure, while significant barriers include high energy costs, regulatory complexity, and limited support for R&D. Recommendations:

- **Reduce Energy Costs and Improve Security:** Fostering long-term energy contracts and diversifying energy sources will help mitigate high energy prices and enhance energy security. Strategic investments in nuclear and renewable energy expansion of LNG offtake capacity, along with stable support for oil and gas, will ensure resilience in supply and price stability. Continued relief measures for energy-intensive industries are also essential to maintain competitiveness and attract investment in the UK.
- **Streamline Regulatory Approvals:** Simplified regulatory processes, especially in pharmaceuticals, financial services, digital, and energy sectors, will improve market accessibility and reduce operational costs.



- **Feasible, Purpose-Built Regulation:** Reporting requirements must be developed with meaningful industry consultation to ensure achievability, reduce compliance cost, narrow reporting requirements, and deliver reasonable scope and implementation timelines.
- **Expand Talent Development Initiatives:** Creating pathways for skilled immigration and increasing support for sector-specific skills training will help address workforce needs.

Removing these barriers will enable growth across all key sectors, positioning the UK as an attractive location for business and investment.

Business Environment

7. **Significant Barriers to Investment:** U.S. companies report that regulatory complexity, tax burdens, and high energy costs are major barriers to investment in the UK. These challenges are especially pronounced in sectors such as healthcare, technology, and industrial manufacturing. Recommendations:
 - **Regulatory Alignment with the U.S.:** Harmonizing regulatory standards in pharmaceuticals, medical devices, and financial services will reduce compliance costs and improve predictability. Additional cooperation to promote sound science, risk based regulatory review across wider sectors will be critical.
 - **Targeted Tax Incentives:** Tax incentives, particularly for R&D-intensive industries like life sciences and AI, will encourage sustained investment.
 - **Enhance Energy Stability and Affordability:** Long-term energy security strategies, such as diversification of energy sources, stable renewable energy investments, and long-term gas purchase agreements will reduce price volatility and bolster competitiveness.

These reforms will streamline the investment process and increase the UK's appeal as a business destination.

8. **People and Skills-Related Barriers:** Talent shortages are a critical concern, especially in high-demand sectors such as AI, healthcare, and engineering. Recommendations:



- **Expand High-Skilled Visa Programs:** Increasing visas for technology, healthcare, and engineering professionals will help close the skills gap.
- **Strengthen Public-Private Training Partnerships:** Sector-specific training programs in logistics, construction, and telecommunications will ensure workers are equipped with relevant skills.
- **Incentivize Employer-Led Training:** Offering tax credits for workforce development will encourage companies to invest in employee upskilling and reskilling.

Building a skilled workforce will ensure the UK remains competitive and can meet the needs of high-growth sectors.

9. **Encouraging Employer Investment in Training:** Fostering a culture of continuous learning and upskilling is essential for a resilient workforce. Recommendations:

- **Tax Credits for Training Programs:** Incentivizing skills development through tax relief will encourage companies to invest in sector-specific training for fields like AI, life sciences, and engineering.
- **Sector-Specific Grants for Workforce Development:** High-demand industries, such as renewable energy and digital, will benefit from targeted funding for skill-building programs.
- **Partnerships with Academic Institutions:** Collaborate with universities to develop training that meets the needs of high-growth sectors.

These measures will create a competitive workforce capable of supporting the UK's economic goals.

Business Environment - Innovation

10. **Addressing RDI Barriers and Technology Adoption:** Regulatory complexity, high costs, and fragmented IP processes are significant barriers to research, development, and innovation (RDI) investment. Recommendations:

- **Expand R&D Tax Incentives:** Higher tax credits for R&D-intensive sectors, such as biopharma, renewable energy, and AI, will stimulate innovation.



- **Launch Cross-Border Innovation Funds:** Joint U.S.-UK innovation initiatives in AI, biotech, and energy technology will drive growth and bilateral investment.
- **Simplify IP and Patent Processes:** Simplified IP protections will facilitate commercialization and support the development of new technologies.

This framework will make the UK an innovation hub, attracting critical U.S. investments in R&D and technology.

11. **Barriers to R&D Commercialization:** Limited early-stage funding and complex IP processes hinder commercialization. Recommendations:

- **Early-Stage Innovation Grants:** Financial support for startups and SMEs in sectors like biotech and digital will bring new technologies to market.
- **Expand Capital Access for Startups:** Enhanced venture capital and grant programs will support high-potential sectors in achieving scale.
- **Improve IP and Patent Systems:** Faster IP processing will encourage U.S. companies to commercialize products within the UK.

This approach will drive commercialization, making the UK a destination for cutting-edge technology development.

Business Environment - Data

12. **Leveraging Data to Support the Industrial Strategy:** A centralized, open-data platform will support policy decisions and sector alignment. Recommendations:

- **Create an Open Data Platform:** Providing industry access to real-time economic data will enable informed, data-driven decision-making.
- **Utilize Advanced Analytics:** Data analytics will allow HMG to monitor sector trends and respond swiftly to economic shifts.

Data-driven policy will strengthen the strategy's adaptability, fostering a resilient economy.



13. **Removing Barriers to Data Sharing:** Expanding the U.S.-UK Data Bridge will enhance cross-border data flows and operational efficiency. Recommendations:

- **Extend Data Bridge Coverage:** Expand the framework to sectors like healthcare and financial services, enhancing operational efficiency.
- **Standardize Data-Sharing Protocols:** Clear data exchange standards will facilitate secure, compliant operations across borders.

These initiatives will strengthen the UK's reputation as a secure, data-friendly market.

Business Environment - Infrastructure

14. **Addressing Infrastructure Barriers:** Modern infrastructure is essential for economic growth. Recommendations:

- **Promote Public-Private Co-Investment:** Partnering with the private sector on infrastructure projects will accelerate development and attract investment.
- **Simplify Planning Processes for Major Projects:** Streamlined planning and permitting approvals will help critical projects move forward efficiently.
- **Prioritize Efforts to Invest in Export:** Drive infrastructure technology including digitization of customs as well as increasing port and truck transit space.

Reliable infrastructure will strengthen the UK's appeal to investors.

15. **Supporting Infrastructure Investment for the Industrial Strategy:** Infrastructure investments support strategic goals. We recommend:

- **Invest in Digital and Green Infrastructure:** 5G, broadband, and sustainable energy infrastructure are essential for long-term growth.
- **Ensure Predictable Project Timelines:** Certainty in project timelines will attract private sector investment.



These initiatives will support the UK's competitive edge and long-term economic resilience.

Business Environment - Energy

16. Barriers to Competitive Industrial Activity and Increased Electrification: Beyond sustainability, energy affordability and reliability are critical concerns for industries across sectors. High energy costs and inconsistent supply can hinder competitiveness and growth. Recommendations:

- **Diversify Energy Sources:** Address the high energy costs in the UK, which include numerous levies on top of the wholesale price of electricity. Invest in a balanced mix of renewable, nuclear, and traditional energy sources to reduce reliance on any single source and mitigate risks associated with energy price volatility.
- **Encourage Long-Term Energy Contracts:** Provide incentives for long-term Power Purchase Agreements (PPAs) to help industries stabilize energy costs and enhance resilience.
- **Improve Conditions for Data Centers:** Streamline the process for accessing the energy grid, which currently can take up to ten years. Expand the subsidy regime for energy-intensive industries to include services.
- **Modernize the Energy Grid:** Upgrade the energy grid to support electrification and efficient distribution, especially for manufacturing and automotive sectors transitioning to electric solutions. Address the current first-come, first-served access model, which has four times the demand in the queue compared to future capacity. Purge speculative projects from the queue to improve planning and investment clarity.
- **Establish an Industrial Decarbonization Strategy:** Develop a comprehensive strategy with supporting funding to facilitate industrial decarbonization.
- **Renewable Energy Auctions:** Regulate renewable energy auctions to balance decarbonization efforts with the need to keep energy costs low and maintain the competitiveness of UK businesses.



- **Address Electrical Connection Capacity:** Recognize that the lengthy and costly process for increasing electrical connection capacity is a significant barrier to transitioning from gas to electricity or hydrogen. Current network planning must align better with industry needs to attract investment for electrification projects.

By addressing these energy barriers, HMG can support price stability, enhance energy security, and foster a more competitive industrial landscape.

17. Adopting International Best Practices: There are valuable examples from global markets on how to reduce energy costs, enhance energy security, and support competitive industrial activity. Recommendations:

- **Implement PPAs:** Long-term power purchase agreements (PPAs), as widely used in the U.S., allow companies to lock in energy prices, fostering cost predictability and investment confidence.
- **Incentivize Renewable Energy Partnerships:** Collaborate with U.S. firms in renewable energy technology, particularly in offshore wind, solar, and nuclear to drive innovation and attract green investment.
- **Establish Energy Resilience Initiatives:** Following models in Scandinavian countries, the UK can improve energy resilience by focusing on smart grids, battery storage, and energy-sharing partnerships, which collectively enhance reliability and reduce energy costs.

Incorporating these best practices will enable the UK to strengthen both energy security and economic competitiveness.

Business Environment - Competition

18. Addressing Competition-Related Barriers: The UK's Industrial Strategy has a mistaken focus on concentration levels across the UK economy. Economists who specialize in competition policy understand that national concentration levels, comprised of the market shares of the top four or five firms, are not a sound barometer for measuring the level of competition in a given market. Actual market competition rarely takes place on a national level, and the government's classification of industries may not reflect how consumers experience market competition in the real world. As importantly, highly concentrated industries can produce extremely competitive markets, similarly relatively low levels of industrial concentration may be sign of anemic competition. The UK will be well served to



look at competition through more reliable metrics than measuring concentration.

The Industrial Policy strategy also flags the Digital Market, Competition, and Consumer Act that will commence next year. Legislative competition measures targeted at ‘dominant’ firms risks punishing success and places the government in the role of managing competitive outcomes rather than promoting competition. It is unlikely such legislative approaches and follow-on enforcement actions will result in outcomes that are recognizable as good trade policy, good competition policy, or good regulatory policy.

The consultation does ask good questions. Market dynamics that discourage competition or create entry barriers undermine economic growth. Often public sector restraints placed upon the market by government are more pernicious to competition than private sector restraints of trade. Key public sector barriers include high compliance costs, regulatory inconsistency, and limited access to financing for smaller firms. Recommendations:

- **Support Access to Capital for SMEs:** Expanding grants and low-interest loans for small and medium-sized enterprises will support market entry and growth.
- **Implement Transparent Antitrust Policies:** Transparent competition policies encourage fair play and foster innovation without deterring investment.

These measures will promote market dynamism, benefitting UK businesses and foreign investors.

19. Driving Market Dynamism Through Regulatory and Competition Institutions:

Institutions play a central role in ensuring a dynamic, competitive market.

Recommendations:

- **Conduct Biennial Regulatory Reviews:** Regular assessments of regulations will ensure they remain fit for purpose, clear, and consistent with market realities.
- **Prioritize Open Market Policies:** Emphasize policies that encourage cross-border investment, enhancing the UK’s appeal as a global business hub.



- **Strengthen Collaboration with U.S. Regulatory Bodies:** Cross-border collaboration on standards and regulations, especially in financial services, life sciences, and technology, will facilitate smoother operations and reduce costs for U.S.-based firms operating in the UK.

These steps will enhance competition, boost economic activity, and create a pro-business regulatory environment.

Business Environment – Regulation

20. **Reforming Regulation to Encourage Growth and Innovation:** Excessive or inconsistent regulation can stifle innovation and deter investment.

Recommendations:

- **Implement a Principles-Based Regulatory Approach:** Rather than prescribing exact rules, performance-based regulations offer companies flexibility to innovate while meeting essential standards.
- **Align Regulations with International Standards:** Harmonizing UK regulations with U.S. and global standards will facilitate trade and investment.
- **Establish Regular Industry Consultations:** Regular, structured consultations with key industries will ensure that regulatory adjustments align with core objectives, business needs, and sector-specific challenges.

These regulatory improvements will support growth, innovation, and a more attractive business environment.

Business Environment – Crowding in Investment

21. **Factors Influencing Investment Decisions:** Investment decisions hinge on factors such as regulatory stability, tax incentives, energy costs, and market access.

Recommendations:

- **Need for Investment Strategy and Flexibility:** The UK needs a clear plan for attracting foreign investment. Current funding options are too strict and there is too much competition for limited funding within the country.



- **Offer Sector-Specific Tax Incentives:** Targeted tax reliefs for sectors like life sciences, renewable energy, and AI will support long-term investment.
- **Streamline Permitting and Planning Processes:** Fast-tracking approvals will make the UK more attractive, especially for high-tech and infrastructure-heavy projects.
- **Enhance Support for Greenfield Investments:** Support for new industrial sites, particularly in underserved regions, can attract foreign investment while boosting regional economies. Also, enhancing existing sites to boost capacity and productivity can help ensure that UK businesses remain viable and increase the workforce.

By addressing these factors, HMG can create a stable, pro-investment environment across high-growth sectors.

Business Environment – Mobilizing Capital

22. **Barriers Faced by Companies Seeking Finance:** Access to finance is essential for growth, yet SMEs and high-growth sectors often face obstacles in securing funds. Key barriers include risk aversion in lending, limited access to growth capital, and high costs. Recommendations:

- **Expand Access to Growth Capital:** Government-backed growth funds and venture capital support will enable companies to scale more quickly.
- **Introduce Flexible Financial Instruments:** Creating grants, low-interest loans, and equity financing specifically for high-growth sectors—such as AI, digital infrastructure, and renewable energy—will provide the resources needed to scale rapidly.
- **Enhance Public-Private Investment Initiatives:** Joint investment platforms that bring together government resources and private sector expertise can attract capital for innovative projects while sharing financial risk.

Addressing these barriers will unlock capital flows, enabling companies to grow and positioning the UK as a leader in innovative and scalable investments.

23. **Additional Financial Instruments to Encourage Strategic Investment:** The UK's current mix of financial tools is effective but could benefit from additional



mechanisms observed in other jurisdictions. Recommendations:

- **Blended Finance Models:** Combining public funds with private investment in sectors like green energy and digital infrastructure will encourage strategic, large-scale investments.
- **Innovation-Focused Grants and Prizes:** Offering competitive grants or innovation prizes, especially in high-priority sectors, can drive breakthroughs in areas like AI, healthcare, and clean energy.
- **Tax-Exempt Bonds for Strategic Infrastructure:** Issuing tax-exempt bonds for significant infrastructure projects will lower borrowing costs and attract institutional investors.

These instruments will support investment in priority areas and help the UK lead in sectors critical to the future economy.

Business Environment – Trade and International Partnerships

24. **Supporting the Industrial Strategy through International Partnerships:** Strong international partnerships are crucial to delivering on Invest 2035’s ambitions. Government-to-government and government-to-business collaborations can drive growth by enhancing market access, aligning regulatory standards, and fostering innovation. Recommendations:

- **Joint R&D Initiatives with U.S. and Global Partners:** Leveraging transatlantic partnerships in emerging fields like AI, biotech, and clean energy will accelerate innovation and technology transfer.
- **Establish Key Task Forces:** Task forces focused on critical areas—such as supply chain resilience, data-sharing protocols, and regulatory alignment—will drive efficiency and reduce barriers for international businesses.

These partnerships will create an integrated economic landscape, enhancing the UK’s role as a global business and innovation hub.

25. **Greatest International Market Opportunities:** The U.S., EU, and Asia-Pacific regions offer significant opportunities for the UK’s growth-driving sectors, such as life sciences, digital technology, and green energy. Maintaining regulatory and standards alignment with these markets, while promoting preferences for those



who adhere to them, will enhance competitiveness and make the UK a preferred gateway for U.S. companies seeking international expansion. Recommendations:

- Resume Free Trade Agreement (FTA) Negotiations:** A comprehensive U.S.-UK FTA can provide a significant boost to economic growth and productivity gains by lowering trade barriers, enhancing competitiveness, and supporting mutual growth. The Chamber urges the UK government to avoid falling into the trap of largely meaningless bilateral dialogues and to press for quick resumption of actual negotiations.
- To aid in the negotiations, it may be useful to create a new U.S. – UK Track 1.5 Trade Dialogue involving government and industry, and the Chamber would be pleased to assist by serving as a U.S. industry convenor. Additionally, re-form sectoral versions, such as the U.S. – UK Comprehensive Dialogue on Technology and Data and the U.S. – UK Financial Regulatory Working Group to ensure they are more meaningful and produce tangible outcomes.
 - **Strengthen Trade Relationships with the EU:** Enhancing trade ties is beneficial for business; however, it is essential to approach this collaboration in a manner that avoids adopting the EU's overly regulatory practices and does not discriminate against U.S. firms.
 - **Engage with Emerging Markets in Asia and Africa:** With high demand for UK expertise in infrastructure, digital solutions, and education, emerging markets present vast growth potential.

Strategic international alignment will help UK businesses expand their global reach and increase the UK's influence in emerging sectors.

Place

26. **Characteristics of Industrial Clusters:** Industrial clusters benefit from factors such as proximity to skilled labor, specialized supply chains, and supportive infrastructure. Recommendations:

- **Service vs. Manufacturing Clusters:** Differentiating between clusters focused on services (e.g., financial services) and those based on manufacturing (e.g., automotive) will allow HMG to tailor support effectively.



- **Encourage Inter-Cluster Collaboration:** Connecting clusters focused on complementary sectors, such as digital technology and advanced manufacturing, will create synergies that support growth.
- **Support Innovation Districts in Urban Areas:** Establishing or expanding innovation districts, especially in major cities, will foster economic activity and create high-quality jobs in technology and R&D.

Recognizing these nuances will ensure that cluster policies are both targeted and effective.

27. **Making Industrial Sites Investment-Ready:** Ensuring that industrial sites are ready for investment will accelerate growth and attract new businesses.

Recommendations:

- **Strategic Tax Incentives for Industrial Sites:** Targeted tax breaks for companies locating in underdeveloped areas will stimulate economic activity and drive regional growth. By minimizing restrictions on how these funds can be utilized, businesses will have greater flexibility to invest in initiatives that best meet local needs, fostering innovation and sustainable development.
- **Infrastructure Investments in Targeted Regions:** Upgrading transport, broadband, and utility infrastructure in these regions will increase their attractiveness to businesses. Also, supporting anchor businesses in industrial areas to retain and modernize existing operations help drive growth within the ecosystem.
- **Fast-Tracking Planning Approvals:** A streamlined planning process for strategic industrial sites will reduce delays and promote faster project completion.

These interventions will make sites across the UK more attractive to investors and facilitate economic revitalization.

28. **Accelerating Growth in City Regions and Clusters of Growth Sectors:** City regions are engines of economic activity, particularly in high-growth sectors.

Recommendations:



- **Clarify Roles and Responsibilities:** Clear delineation of responsibilities between devolved and UK governments will be essential to ensure effective implementation of funding strategies and regional economic plans.
- **Establish Sector-Specific Local Growth Plans:** By tailoring local plans to regional strengths—such as healthcare innovation in Cambridge, fintech in London, renewable energy in Scotland, semiconductors in Wales, advanced manufacturing in Northern Ireland—HMG can maximize the impact of Invest 2035.
- **Support Cluster-Based Economic Development:** Incentives to establish sector-specific clusters in key regions will stimulate growth, attract talent, and create jobs.
- **Provide Grants for Infrastructure Development:** Infrastructure grants, particularly for digital and transport projects, will ensure that high-potential areas have the resources to grow.

By aligning the Industrial Strategy with the needs of city regions, HMG can accelerate growth in clusters and foster regional economic resilience.

29. **Alignment with Devolved Government Economic Strategies:** Coordinating Invest 2035 with devolved government strategies in Scotland, Wales, and Northern Ireland will enhance its effectiveness. Recommendations:

- **Collaborative Regional Economic Plans:** Aligning local economic plans with national priorities will ensure the Industrial Strategy meets the unique needs of each region.
- **Leverage Sector-Specific Strengths in Each Region:** Scotland’s renewable energy expertise, Wales’ life sciences capabilities, and Northern Ireland’s advanced manufacturing strengths offer unique opportunities for focused investment.
- **Promote Cross-Region Collaboration:** Facilitating partnerships among regional governments and businesses will strengthen the UK’s economic cohesion and resilience.

Supporting regional strengths will help Invest 2035 deliver balanced, sustainable growth across the UK.



Partnerships and Institutions

30. **Supporting the Industrial Strategy Council:** The Industrial Strategy Council (ISC) will be instrumental in guiding and assessing the success of Invest 2035.

Recommendations:

- **Establish a Data-Driven Monitoring Framework:** The ISC must utilize reliable data to evaluate the impact of policies and adjust priorities as needed.
- **Regular Stakeholder Engagement:** Engaging with industry and business leaders regularly will keep the ISC informed of sector-specific developments and challenges. Ensure regular and meaningful consultation including opportunities to submit and demand private sector driven recommendations.
- **Enhance Coordination with Regional Councils:** Collaborating with regional councils will ensure that the ISC's decisions reflect diverse needs.

These steps will enable the ISC to provide effective oversight and adaptive management of Invest 2035.

31. **Interacting with Key Non-Government Institutions:** Collaborating with trade associations, think tanks, and academic institutions will enhance the ISC's ability to provide comprehensive guidance. Recommendations:

- **Create Strategic Partnerships with Industry Groups:** Collaborating with groups representing diverse sectors, such as the Chamber and sector-specific organizations will enhance the ISC's knowledge base.
- **Engage with Academic and Research Institutions:** Involving academic institutions will allow the ISC to stay current with technological advancements and research trends.

Enhanced interaction with these organizations will strengthen the ISC's effectiveness and broaden its influence.

32. **Improving the Interface with Government, Business, and Other Stakeholders:** A streamlined, transparent communication framework is essential to the success of



Invest 2035. Recommendations:

- **Centralized Feedback Platform:** A unified platform for feedback will allow government bodies to communicate efficiently with the private sector and other stakeholders.
- **Quarterly Industry Roundtables:** Regular roundtables with industry stakeholders will ensure Invest 2035 remains aligned with market needs and addresses emerging challenges.
- **Dedicated Points of Contact for Key Sectors:** Assigning sector-specific contacts within the ISC will improve responsiveness and coordination.

These recommendations will facilitate effective collaboration and create a more responsive strategy.

Theory of Change

33. **Strengthening the Analytical Framework:** A robust analytical framework, focused on intermediate outcomes and real-time metrics, will allow Invest 2035 to adapt and thrive. Recommendations:

- **Define Clear, Measurable Outcomes:** Key performance indicators for sectors such as R&D, job creation, and export growth will allow for better tracking and evaluation.
- **Implement a Feedback Loop for Continuous Improvement:** Real-time data and feedback will allow the ISC to make adjustments as market conditions evolve.
- **Incorporate Sector-Specific Metrics:** Customized metrics for core sectors like life sciences and digital technology will capture the unique dynamics of each industry.

This approach will provide a structured path to achieving Invest 2035's goals.

34. **Embedding Key Risks and Assumptions:** Invest 2035's success depends on a clear understanding of risks, including global economic shifts and workforce availability. Recommendations:



- **Scenario Planning for Economic Volatility:** Incorporating contingency plans will help HMG adapt to global market changes.
- **Assess Workforce Needs in High-Growth Sectors:** A detailed skills assessment will ensure that Invest 2035 is aligned with talent demands in priority sectors.
- **SME Technology Adoption:** Raise awareness among SMEs about the importance of technology adoption, even for those that do not see an immediate need. Government attempts to promote digital adoption through tax credits have been unsuccessful, as many SMEs still rely on paper-based accounting. It is essential to integrate digital skills throughout the economy.
- **Evaluate Trade and Regulatory Risks:** Clear plans to address regulatory alignment and trade partnerships will enhance stability.

Embedding these assumptions into the Industrial Strategy will create a resilient framework capable of withstanding uncertainty.

35. **Monitoring and Evaluating the Strategy:** Regular monitoring and evaluation will be essential to track Invest 2035's impact. Recommendations:

- **Annual Public Reporting on Key Metrics:** Transparent reporting will allow stakeholders to see the strategy's progress and help flag areas for improvement.
- **Third-Party Audits for Accountability:** External evaluations will provide unbiased insights and enhance the strategy's credibility.
- **Feedback Mechanisms for Industry Input:** Ongoing industry feedback will ensure that Invest 2035 remains relevant and responsive.

Effective monitoring will allow Invest 2035 to achieve lasting, measurable results.

Conclusion

If implemented effectively, Invest 2035 has the potential to position the UK as a global leader in innovation and sustainable growth. The U.S. Chamber's U.S-UK Business Council stands ready to engage regularly with His Majesty's Government to bring this important strategy to fruition. We welcome the opportunity to discuss these



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recommendations in further detail in the weeks ahead. Thank you for your consideration of our views.

Respectfully,

A handwritten signature in black ink that reads "Marjorie Chorlins". The signature is written in a cursive, flowing style.

Marjorie Chorlins
Senior Vice President, Europe
U.S. Chamber of Commerce