United Kingdom: Brief Profile
2025

Domestic Economy

BASIC FACTS

Land area: 244,100 sq km

Population: 69.1 mn (2024)

Language: English

Currency: Local currency is pound (£).

GDP: US$ 3.6 trn (2024, est).

Exports: US$ 493.5 bn (2024)

Imports: US$ 763.1 bn (2024)

Sovereign Rating: AA (S&P's)

- The UK economy is the sixth largest in the world. In 2024, the real GDP grew by an estimated 1.1% from 0.3% in 2023.

- In absolute terms, estimated GDP of the UK stood at an estimated US$ 3.6 trillion in 2024, with estimated per capita GDP at US$ 52,693.1.

- UK's consumer price inflation moderated to an estimated 3.3% in 2024 vis-à-vis 6.8% a year prior.

- Services sector dominates the economy, accounting for 77.5% of the UK's GDP in 2023. It was followed by industry (19.3% of GDP) and agriculture (0.6%). Services make up more than 40% of total exports.

- Some of the key industries in the UK include machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum, paper and paper products, food processing, textiles, clothing, and other consumer goods.

Trade and External Sector

- The UK's exports moderated to US$ 493.5 billion in 2024 from US$ 518.9 billion recorded in the preceding year.

- The UK's imports increased to US$ 763.1 billion in 2024 from US$ 757.8 billion recorded in 2023.

- As a result, the UK's trade deficit widened to US$ 269.6 billion in 2024, as compared to US$ 238.9 billion recorded a year ago.

- Machinery and mechanical appliances (16.7% of UK's total exports) were the key exports of the UK in 2024, followed by precious stones and metals (16.0%), vehicles other than railways or tramways (9.4%), mineral fuels, oils and product of their distillation (6.7%), electrical machinery and equipment (5.9%), pharmaceutical products (5.4%).

❖ Machinery and mechanical appliances were the major items imported by the UK in 2024, accounting for 11.7% of the total imports. Other principal items imported by the UK in 2024 included pearls, precious stones and metals (11.4%), vehicles other than railway or tramway (10.9%), mineral fuels and oil (10.0%) and electrical machinery and equipment (8.9%).

❖ USA is the leading export destination for the UK, accounting for 13.9% of total exports in 2024. Other major destinations of exports from the UK in the same year included China (9.1% of total exports), Germany (7.6%), Netherlands (6.6%), Ireland (5.7%) and Switzerland (5.6%).

❖ China was the major source of the UK's imports, accounting for 12.1% of total imports in 2024. Other important origins of imports in the same year include USA (11.3%), Germany (9.4%), France (4.8%), and Italy (3.9%).

❖ The UK's current account deficit reduced to an estimated US$ 96.6 billion (2.6% of GDP) in 2024 from US$ 118.3 billion (3.5% of GDP) recorded in 2023.

Foreign Direct Investment, Foreign Exchange Reserves, and Exchange Rate

❖ According to UNCTAD World Investment Report 2025, FDI inflows into the UK stood at US$ (-) 40.0 billion[1] in 2024, compared to US$ 52.2 billion recorded in the previous year.

[1] FDI flows with a negative sign indicate that at least one of the three components of FDI (equity capital, reinvested earnings or intra-company loans) is negative and not offset by positive amounts of the remaining components. These are instances of reverse investment or disinvestment.

- FDI outflows during 2024 stood at US$ 25.3 billion decreasing from US$ 67.2 billion in 2022.

- UK's foreign exchange reserves decreased to an estimated US$ 174.8 billion in 2024, as against US$ 177.9 billion in 2023. Reserves reflected an import cover of over 1.8 months.

- Pound sterling is the currency of the UK. The average exchange rate between pound and dollar in 2024 was estimated £0.78: US$ 1, as compared to £0.8: US$ 1 in 2023.

Country Rating

- *Standard & Poor's Sovereign Ratings* as on date, rated UK as **AA** (strong capacity to meet financial commitments) with a 'stable' outlook.

- *Dun and Bradstreet's (DB) Country Risk Indicator*[2], October 2025 rates UK as **DB3b** (*Slight risk: Enough uncertainty over expected returns to warrant close monitoring of country risk*). The trend of D&B's ratings for the UK falls under the "improving" category.

- *Moody's Sovereign Ratings*[3], as of October 2025, rated United Kingdom as **Aa3** (rated as high quality and are subject to very low credit risk), with a stable outlook.

- *Export Credit Guarantee Corporation of India Ltd. (ECGC)*[4] ranks placed the UK in the **A1** group of countries.

- According to *Organization for Economic Co-operation and Development (OECD)*[5] country

---

[2] The DB risk indicator is divided into seven bands (DB1 to DB7, in the increasing order of risk). Each band is further divided into quartiles (a-d, ranging low to high), except the DB7 band.

[3] Moody's Investor services rank countries in nine categories Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, according to increasing order of risk. Numerical modifiers 1, 2, and 3 are appended to each generic rating classification. The modifiers 1, 2 and 3, respectively indicate that the obligation ranks in the higher end, mid-range, and lower end of its generic rating category.

[4] Export Credit Guarantee Corporation of India Ltd. (ECGC) ranks countries in seven groups, A1, A2, B1, B2, C1, C2 and D, according to increasing order of risk.

[5] The OECD Country Risk Classification measures country credit risk, i.e. the likelihood that a country will service its external debt, on a scale of 0 -7 (where 0 is the lowest risk category and 7 is the highest).

risk classifications of June 2025, the UK was classified as a High-Income OECD Country that is not reviewed or classified.

Macroeconomic Outlook

- In 2025, the UK is expected to witness a growth rate of 1.3% in 2025, and the same rate of growth is forecasted for 2026. The tax changes in the autumn budget could dampen business sentiment and reduced job creation, and the government's 2025 spending might mostly go into improving public services, rather than growth-enhancing investment.

- Inflation is expected to slow from an estimated 3.7% in 2025 to 2.5% in 2026, gradually nearing the 2% target. Headline inflation has remained elevated this year, given uneven base effects and higher energy utility costs, averaging 3.5% in the second quarter, up from 2.8% in the first quarter. The BoE forecasts that headline inflation could accelerate in the third quarter of 2025.

- In 2025, an average rate of US$1.28: £1 is expected, strengthening very modestly thereafter. The combination of higher yields and a weaker pound suggest diminished confidence in the UK as an investment destination. Despite the erratic tariff policy of the USA, the UK's relatively light tariff impact and potential gains in competitiveness is likely to support the pound.

- The UK is expected to continue to run a persistent current-account deficit in 2025 at US$ 118.3 billion (2.9% of GDP). Weaker demand in the EU or new tariff barriers with the US pose as potential risks to dampen UK export growth in the near term. However, The UK reached a new agreement with the EU in mid-May, which aims to lessen the burden of post-Brexit regulation.

United Kingdom: Economic Structure

Economic Indicators	2020	2021	2022	2023	2024	2025[f]	2026[f]
Nominal GDP (US$ bn)	2725.5	3195.4	3182.1	3422.0	3685.3	4023.0	4368.9
Real GDP growth (%)	-10.0	8.5	5.1	0.3	1.1	1.3	1.3
Consumer price inflation (avg., %)	1.0	2.5	7.9	6.8	3.3	3.7	2.5
Population (mn)	67.4	67.7	68.2	68.7	69.1	69.6	69.9
Exports of goods fob (US$ bn)	417.0	472.7	554.7	518.9	493.5	509.1	540.2
Imports of goods fob (US$ bn)	567.9	681.8	795.6	757.8	763.1	823.5	861.0
Current-account balance (US$ bn)	-79.9	-13.8	-70.9	-118.3	-96.6	-122.6	-125.7
Total External Debt (US$ bn)	9733.3	9779.9	9162.3	9593.2	9759.1	_	_
Total International Reserves (US$ bn)	180.1	194.2	176.5	177.9	174.8	_	_
Average exchange rate (£: US$) Local currency is Pound	0.78	0.73	0.81	0.80	0.78	0.75	0.72

Note:[e]- Estimates;[f]- Forecast

Source: EIU Country Report, Quarterly External Debt Statistics SDDS (World Bank) World Bank