

THE UK SPECIAL REPRESENTATIVE FOR INTERNATIONAL TRADE AND INVESTMENT

ANNUAL REVIEW OF THE FINANCIAL YEAR

ENDING 31ST MARCH 2009

THE OPPORTUNITIES

There are considerable opportunities for UK companies to trade overseas, and for overseas businesses to base themselves in the UK, to take advantage of trading with the European Union (EU), the largest trading block in the World.

There is significant demand from businesses for support from Government to assist them as they develop and enter new markets. The Special Representative fulfils a niche in this supporting role to both Government and Business. Overseas governments often tell the Special Representative that they would like to do more business with the UK, because of our very high reputation as scientists, engineers, manufacturers, retailers or traders. The knowledge of these opportunities needs a conduit back to our businesses so they can learn of, and develop, these opportunities.

The personal involvement of The Duke of York as the Special Representative, on behalf of Government or Business, can materially improve the prospects of a relationship being built or a business arrangement being concluded to the mutual benefit of each country or business. Engagements in an active year ahead include visits to the important markets of China, India, Mexico, Brazil and the Middle East.

THE ROLE OF THE UK SPECIAL REPRESENTATIVE

The Duke of York is The United Kingdom's Special Representative for International Trade and Investment and has carried out this role since 2001.

The Duke, as the Special Representative, works with businesses across a wide variety of sectors to build and maintain relationships on their behalf, globally. The role is focussed on country-to-country relationship building, developing business opportunities overseas and supporting and promoting business in and from the UK.

In particular, this involves:

- Assisting in creating positive business conditions for UK businesses investing overseas
- Supporting UK companies trading both products and services in emerging and established markets
- Promoting the UK as an attractive inward investment destination for foreign investors

The Special Representative's responsibilities include:

- Maintaining strong Government and business relationships in the UK and abroad
- Reinforcing UK business credentials for major projects, and supporting businesses in the bidding process
- Marketing business inside and outside the UK; for example at international trade events and conferences
- Hosting high-level events in the UK, showcasing business opportunities for UK companies overseas, or for foreign investors in the UK
- Receiving inward visiting leaders from Government and business
- Providing feedback to business and Government on business issues; both in the UK and Overseas

In order to fulfil his role as the Special Representative, The Duke undertakes a wide programme of engagements both in the UK and overseas. Engagements in the UK are usually at the request of UK Trade & Investment (UKTI), or one of the devolved administrations, from the relevant Lord Lieutenant (Her Majesty The Queen's representative in each county), or at the direct request of a company or organisation itself.

HOW THE STRATEGY HAS BEEN RENEWED AND STRENGTHENED

After eight years in which the international climate for investment and trade has changed greatly, the role of the Special Representative has evolved sufficiently for an outside agency to review its progress. Accordingly, in the past year the consultancy firm Pricewaterhouse Coopers (PwC) has, at His Royal Highness's private request, conducted a strategic review of the role of the Special Representative. The purpose is to enhance the effectiveness of his support for both business and Government.

As a result of this review, the renewed strategy primarily focuses The Duke's time on where he can be most effective: namely relationship building at the strategic level, and country-to-country business development which can pave the way for UK businesses to compete as effectively as possible.

The Special Representative has to juggle numerous strategic requirements from competing stakeholders – Government, Business and Royal. The primary focus now has to be geographic rather than specific business sectors, especially in the emerging markets of North Africa and the Middle East as well as Asia. These are the markets where the value of continuity is greatest.

As a secondary priority, the Duke is also able to support key international trade sectors as determined by Government policy, addressing the needs of larger UK international businesses but also engaging with smaller businesses.

The Duke maintains a flexible programme, enabling him to be able to respond to priority requests and opportunities, sometimes at very short notice (for instance, the visit to Sakhalin in March, 2009 for the opening of Russia's first LNG plant, which took place within three weeks of the initial request being made).

OVERVIEW OF THE YEAR'S ACTIVITIES

The Duke of York carried out 218 business engagements within the UK over 114 days and 429 trade related engagements overseas, covering 23 countries over 69 days, in the financial year from 1st April, 2008 to 31st March, 2009. A detailed breakdown by engagement can be found in the Court Circular at: www.royal.gov.uk

In addition to his role as the UK's Special Representative for International Trade and Investment, The Duke of York is the Patron of several charities, is Commodore in Chief the Fleet Air Arm, Colonel in Chief or Royal Colonel of five British and four Commonwealth regiments, as well as supporting Her Majesty the Queen, as a Senior Member of the Royal Family, in Royal engagements. More details can be found at www.royal.gov.uk

The Duke of York fulfils his role as the UK's Special Representative in a number of different ways:

Supporting Her Majesty's Government (HMG), in particular overseas, fulfilling specific objectives and priorities in support of UK business. These business visits, planned months in advance, are normally initiated, authorised or approved by UKTI (but can be by other departments of State if required, as a result of the PwC Review). Formal approval comes from the Royal Visits Committee (RVC), the committee chaired by the Permanent Under Secretary in the Foreign Office, with members from FCO, UKTI, No 10 and Buckingham Palace, which sets out the priorities for overseas visits by all members of the Royal Family.

Individual visit programmes are drawn up in close conjunction with the relevant Department of State and the High Commission or British Embassy in the country to be visited. In addition to undertaking engagements in support of UK business, other engagements are added, as relevant, in support of HMG's wider objectives.

Follow-Up Support in the United Kingdom. The Duke of York gives considerable time to this essential part of the role. Receiving key individuals and business delegations on their visits to the United Kingdom and listening to key inward investors are important. So also is hosting business lunches or dinners, in conjunction with FCO/UKTI or other Departments of State, with UK companies and opinion formers, to develop business relationships and to understand the requirements of the various sectors seeking new business in a particular market.

Some 2008/2009 examples are:

15th April, 2008	School Heads meeting
3rd May, 2008	SE Asia Business lunch
5th May, 2008	Abu Dhabi Investment Agency (ADIA) call

13th May 2008	Business dinner post India Visit
15th May, 2008	President of the Ukraine call
10th June, 2008	Deputy Prime Minister of Malaysia call
17th June, 2008	Financial Action Task Force Reception
3 July, 2008	Creative Industries Reception
16th July, 2008	Deputy Prime Minister of Thailand call
7th May, 2008	Korean Minister for Strategy and Finance call
13th October, 2008	International House Philadelphia Dinner
10th December, 2008	Korean Pension Fund Dinner
17th December, 2008	Omani Financial Services delegation meeting
3rd February, 2009	Foreign Minister of Mongolia call
5th February, 2009	Nuclear power industries lunch
9th March, 2009	President of Kurdistan call
13th March, 2009	Prime Minister of Thailand lunch

Visits within the UK. Undertake a number of targeted regional day visits, supporting businesses throughout the UK.

Forums. Create and host forums to discuss issues relevant to specific sectors and businesses, in order to enhance knowledge of, and support to, these sectors and businesses. 2008/09 examples include: Energy Security, Secondary Education and Nuclear Power.

Seminars. Hold, organise and lead seminars at Buckingham Palace or St James's Palace to showcase British business opportunities for investment in, or trade with, third party countries or organisations seeking to attract UK business to their markets or countries. For example, a half-day seminar was organised for MASDAR from the UAE to discuss business opportunities, at Buckingham Palace in June, 2008.

UK Business Liaison. Develop and maintain contacts with the key leaders in FTSE 100 companies, to update knowledge, develop relationships and discover their priorities for making use of the time available to the Special Representative. In 2008/09 these included:

AMEC	10th March, 2008 UK; 17th March, 2008 Kuwait
Anglo-American	10th February, 2009 call at Buckingham Palace (BP)
BAE	15th March, 2009 Saudi Arabia; 13th October, 2008 call at BP
Barclays	19th May, 2008 Egypt
BP	9th September, 2008 Vietnam; 23rd February, 2009 call at BP
BT	17th March, 2009 Kuwait
Clifford Chance	16th April, 2008 Canary Wharf
FSA	9th July, 2008 Canary Wharf
GlaxoSmithKline	11th September, 2008 Singapore
HSBC	9th September, 2008 Vietnam; 4th March, 2009 call at BP; 23rd January, 2009 call at BP
ICAP	20th October, 2008 call at BP; 22nd January, 2009 London
International Power	8th September, 2008 Vietnam
Invensys	13th October, 2008 call at BP
Man Group	8th October, 2008 call at BP
Marks and Spencer	2nd February, 2009 call at BP
Rio Tinto	3rd February, 2009 call at BP
Rolls-Royce	18th April, 2008 Derbyshire; 8th September, 2008 Vietnam; 11th September, 2008 Singapore; 30th September, 2008 Korea

Royal Bank of Scotland	25th March, 2009 London
Shell	23rd March, 2009 call at BP
Serco	2nd April, 2008 UAE
Standard Chartered	19th May, 2008 Egypt; 9th September, 2008 Vietnam; 1st October 2008 Korea; 4th November, 2008 China
Tesco	24th February, 2009 call at BP; 10th March, 2009 Manchester
Vodafone	24th June, 2008 call at BP

REFORMING THE ORGANISATION

In 2008, The Duke of York commissioned, and paid for, an independent strategy review of his role, from PwC . The review made clear that the Special Representative's support was highly valued by UK businesses and that he should continue to develop the role as a unique and highly valuable UK asset. The Government provided strong endorsement, and authorised additional resources to support the Duke of York's initiatives.

The Report additionally recommended that support should be enhanced in two areas:

Senior Business Advisor. A part-time Senior Business Advisor to be appointed to:

- Advise on the strategic sector and country priorities for the Duke of York
- Advise and support high-level strategic relationship development with the Government and the business community
- Provide ongoing feedback and challenge for HRH's role

The Duke of York was delighted to appoint Mr Philip Yea, former Chief Executive of 3i, to this position in June, 2009.

Special Advisory Panel. A new Panel will be formed to meet quarterly, consisting of a number of senior business executives, each specialising in key geographic, sector and functional areas of the Special Representative's activities. The Panel will include representatives of major UK businesses with experience across a wide range of sectors strategic to the UK, including, but not limited to, financial services, infrastructure, construction, design, education, energy and professional services. In addition, the Panel will include representation from UKTI and CBI.

FUNDING

The Duke of York is not paid for his work as the Special Representative for International Trade and Investment. The main costs of administering the office and staff in support of the Duke of York are borne privately by The Queen and The Duke of York. The Duke of York's Parliamentary Annuity is returned to the Treasury each year by The Queen.

Transport. The cost of transport in support of the official business programme in the UK and overseas is paid from the Grant-in-Aid for Royal Travel, overseen by the Department of Transport, as is the case with all Members of the Royal Family. Since the PwC review, the transport costs borne by the role of the Special Representative are delegated and budgeted to a specific figure and travel costs are audited annually by external auditors. The final figures for 2008/09 are contained within the Annual Report on Royal Finances, which was published on 29th June, 2009.

In-Country Costs. There are in-country costs involved in overseas visits: hotels, meals and road transport being the main three. These are paid by the sponsoring Government Department, usually UKTI, against a budget, following careful working on the projected costs in advance of each visit. All these costs are formally audited by UKTI. The 08/09 figures are available on the UKTI web site and are linked to this site.

Staff and Incidental Costs. The Office to support The Duke of York in his public role consists of three Private Secretaries, of whom one is seconded from UKTI, a Military Equerry (seconded from MOD) and three secretaries.