

# Weekly policy update from the London Chamber of Commerce and Industry

*A round-up of key policy changes from the past seven days (9-15 December 2024)*

---

## **Chancellor Advocates for Economic Reset with EU**

Chancellor Rachel Reeves has called for a closer, pragmatic UK-EU relationship to boost trade, support businesses, and improve living standards. Addressing EU finance ministers in Brussels — the first such visit by a UK Chancellor since Brexit — Reeves emphasized breaking down trade barriers and strengthening economic ties as part of the government's Plan for Change. While ruling out a return to the single market or customs union, Reeves highlighted shared challenges like supporting Ukraine and enhancing security. She also committed to a 2025 Trade Strategy to reduce regulatory burdens and foster economic growth.

[Read more](#)

## **UK Joins CPTPP Trade Bloc**

The UK has officially joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), becoming the first European nation to do so. This trade bloc spans 12 countries, including Japan, Malaysia, and Canada, with a combined GDP of £12 trillion. The agreement is projected to boost the UK economy by £2 billion annually over the long term, with businesses gaining access to lower tariffs and reduced trade barriers across diverse international markets.

[Read more](#)

## **Government to Review Internal Market Act Early**

The UK Government will fast-track its review of the UK Internal Market Act, launching in January 2025 and completing by summer 2025, six months ahead of the statutory deadline. The review will engage devolved governments and other stakeholders to improve the Act's transparency and balance policy divergence with economic growth across all parts of the UK. The Act supports trade worth approximately 10% of the UK's GDP, with Scotland, Wales, and Northern Ireland trading more within the UK than internationally. The review addresses previous concerns about unclear processes while ensuring that devolution and economic integration remain aligned for shared prosperity.

[Read more](#)

## **New Business Growth Service to Support SMEs**

The UK Government has announced the launch of a new Business Growth Service designed to simplify access to government advice and support for SMEs. Scheduled to debut in the first half of 2025, the service aims to streamline resources, reduce administrative burdens, and address long-standing concerns over the fragmented business support landscape. It will feature a revamped web platform and collaborate with local authorities to provide targeted assistance, drawing inspiration from successful international models. It forms part of the upcoming Small Business Strategy and is a key element of the government's broader growth mission, including reforms to late payments, business rates, and export support initiatives.

[Read more](#)

## **Reforms to Fast-Track Planning Decisions**

The government has outlined plans to fast-track planning decisions as part of its efforts to address the housing crisis and stimulate economic growth. The reforms aim to reduce delays and uncertainty in planning by allowing applications that comply with local development plans to bypass planning committees. A national delegation scheme, streamlined committees for strategic development, and mandatory training for committee members will be introduced. Local planning officers will have enhanced decision-making powers to implement agreed planning policies. The housing budget will rise to £5 billion next year, including £500 million for the Affordable Homes Programme.

[Read more](#)



## Developers to Pay for Environmental Damage to Speed-Up Construction

Developers will be able to bypass environmental delays by paying into a new Nature Restoration Fund, designed to offset the impact of housing projects. The fund aims to speed up construction while promoting environmental recovery through strategic actions. This is part of broader Planning and Infrastructure Bill reforms to balance housing growth with nature preservation.

[Read more](#)

## UK Updates Trade Mark Legislation

The UK has amended its trade mark rules to allow partial replacement of domestic trade marks with international registrations under the Madrid System. Effective 21 November 2024, this change enables trade mark holders to replace UK registrations with international ones that cover only part of the goods and services listed while retaining protection for the remainder through the original registration. The amendment ensures UK compliance with updated Madrid Protocol obligations before the February 2025 deadline.

[Read more](#)

## UK Business R&D Spending Rose to £50 Billion in 2023

The “Business Enterprise Research and Development, UK: 2023” ONS report reveals that UK businesses spent £50 billion on R&D in 2023, up 2.9% from 2022. London led regional R&D expenditure with £11 billion, followed by the East of England (£9.7 billion) and the South East (£8.5 billion). The pharmaceutical sector contributed £8.7 billion, while the scientific R&D industry topped the list at £12.7 billion.

[Read more](#)

## UK Economy Contracts in October

The UK economy shrank by 0.1% in October 2024, marking a second consecutive decline. Weakness in key sectors like manufacturing (-0.6%) and construction (-0.4%) was offset by modest growth in services and construction over the three months to October. Services output stagnated, with consumer-facing industries, such as food services and retail, seeing declines. Drops hit manufacturing in pharmaceuticals, machinery, and chemicals. Despite some positive growth in construction, overall economic conditions remain subdued, with high borrowing costs and weak consumer confidence limiting recovery.

[Read more](#)

## **UK Hiring Drops Compared to Other Economies**

UK hiring has fallen 13% below pre-pandemic levels and 23% from 2023, more than in the US, France, or Germany, driven by weak growth and rising wage bills. The tech sector has been hit hardest, with job openings down over 40% from 2019. Despite this, UK unemployment remains low at 4.3%.

[Read more](#)

## **British Businesses Stop Shipping to NI Due to New EU Rules**

New General Product Safety Regulations, effective from 13 December, have led many British SMEs to halt exports to Northern Ireland and the EU due to added administrative challenges. Violating the rules could result in fines or convictions, prompting businesses to cease shipments. Despite Northern Ireland not being an EU member, it remains subject to EU regulations to prevent a hard border on the island of Ireland.

[Read more](#)

## **Online Marketplaces and Vape Producers to Fund Recycling**

The UK government has introduced new measures requiring online marketplaces and vape producers to contribute to the cost of recycling electrical waste, including items like toasters and vapes. Announced by Minister Mary Creagh, the initiative aims to level the playing field for UK retailers who have previously borne most of these costs. With around 100,000 tonnes of household electrical waste discarded annually, the changes will help fund recycling services and reduce the environmental impact of improperly disposed electronics.

[Read more](#)

## **Pension Review Delayed Alleviating Pressure on Businesses**

Chancellor Rachel Reeves has postponed the planned review of workplace pensions, initially scheduled for this year, to prevent additional pressure on businesses. The review aimed to address concerns over insufficient retirement savings and was set to explore the adequacy of auto-enrolment rates (currently 8%). Despite concerns that these rates may not provide adequate retirement income, the review's delay comes amid significant backlash over the £40 billion tax increase, primarily affecting employers through higher national insurance contributions. Reeves' first-phase pension plan focused on pooling £1.3 trillion in pension savings for infrastructure and start-up investments.

[Read more](#)

## Boosting CEO Pay Would Enhance London's Competitiveness

Lord Spencer, founder of ICAP, argues that companies listed in London should be able to offer chief executives salaries comparable to top footballers without facing criticism. He claims that UK CEOs are paid much less than their US counterparts, with the median wage for FTSE 100 CEOs in 2023 at £4.1 million, compared to \$16 million for S&P 500 bosses. He warns that the UK must address the issue of executive pay to attract top talent to the London Stock Exchange.

[Read more](#)

