# The City of London surpasses £100 billion in economic output amid global uncertainty



The City of London, commonly known as the Square Mile, has achieved a remarkable milestone by surpassing £100 billion in economic output for the first time, according to the latest data from the Office for National Statistics. This figure, reflective of the year 2023, arrives amid a backdrop of significant global and domestic challenges, including the ongoing aftermath of Brexit, the Covid-19 pandemic, and political uncertainties in the United States under the administration of former President Donald Trump.

Despite a period marked by uncertainty and criticism from international competitors, who labelled the UK as "stupid and retrograde" following Brexit and financial missteps such as the Liz Truss government’s bond market troubles, the City has demonstrated resilience. Its sustained economic strength suggests London's financial district continues to be a central player on the global stage.

The current climate in London's financial markets has often been clouded by comparisons with the United States, where high valuations and seemingly expansive opportunities had drawn global investors in recent years. However, in the first 100 days of Trump's presidency, the US markets appeared to many as unstable, characterised by controversial policy decisions, disregard for legal standards, and political turbulence. In contrast, London's Square Mile presents an image of stability, upheld by adherence to the rule of law, a commitment to free market principles, an independent central bank, and a degree of predictability that investors find reassuring.

This contrast has prompted key figures within the City to consider new opportunities emerging from the complex situation in the US. These opportunities include positioning London as a leader in green finance, given the Trump administration’s scepticism towards environmental initiatives. Moreover, there is an ambition to strengthen financial ties with developing nations in Asia and Africa, regions seeking alternatives to reliance on both the Trump-influenced US and China. Additional prospects lie in bolstering Europe and the UK's capacity for independent defence financing, with suggestions that the City could become a funding hub—termed a 'Bomb Bank'—to support rearmament efforts.

However, not all developments bode well for London's aspirations. Labour government policies, particularly stringent non-domestic rules, have cast a shadow over London's attractiveness to international financiers. The extension of inheritance tax to non-UK assets has reportedly prompted key financial figures, such as Richard Gnodde, the head of Goldman Sachs UK, to relocate to Milan. This trend raises concerns about the UK's ability to retain and attract high-level talent and investment.

Sir John Kingman, chairman of the investment firm Legal & General, recently highlighted what he referred to as a "tragic crisis" in US scientific fields driven by Trump's attacks on academic institutions and pharmaceutical tariffs. Kingman warned that this crisis could trigger "the greatest migration in scientific talent the world has ever seen," outstripping even the exodus from 1930s Germany. Countries like Australia and France have already moved to attract this scientific expertise, and Kingman urged the UK government to seize the chance to avoid missing out.

In sum, while the current political and economic upheavals present significant challenges, they also offer openings for London’s financial centre to adapt and thrive. The City’s demonstrated economic strength, combined with its legal and financial infrastructure, positions it to capitalise on global shifts, provided policy responses from the UK government enable rather than hinder this potential.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://dailytuesday.co.uk/city-of-london-gdp-record-2023/> - This article also confirms the City of London's GDP surpassed £100 billion in 2023, underlining its economic strength and global influence despite a small population.
3. <https://en.wikipedia.org/wiki/Economy_of_London> - Wikipedia provides an overview of London's economy, including major sectors and projects like the Heathrow proposal, which supports understanding of London's broader economic context.
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5. <https://www.politico.eu/article/trump-climate-change-paris-agreement-exit/> - This article discusses Trump's environmental policies, including withdrawal from the Paris Agreement, which aligns with the article's mention of the Trump administration's scepticism towards environmental initiatives and potential opportunities for London in green finance.
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7. <https://www.dailymail.co.uk/money/comment/article-14653229/RUTH-SUNDERLAND-UK-gain-Trump-pain.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data