

Article

Foreign-owned businesses in the UK non-financial business economy (Annual Business Survey): 2018

Annual estimates of the number of foreign-owned businesses, turnover and approximate gross value added (aGVA) in the UK for 2018 and revised estimates for 2017, from the Annual Business Survey (ABS).

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1 . Main points

- In 2018, there were 2.5 million businesses operating in the UK non-financial business economy; 1.2% of these were foreign-owned and contributed 28.3% of approximate gross value added (aGVA).
- The majority of foreign-owned businesses operated in the non-financial services sector, generating £181.1 billion in aGVA.
- Of the foreign-owned businesses in 2018, 40.7% were owned by the [EU 28](#); however, a contribution of 40.1% of foreign-owned aGVA came from businesses owned by the Americas.
- Between 2008 and 2018, the value of aGVA produced by foreign-owned businesses increased by £113.1 billion.

2 . Things you need to know about this release

This release primarily provides estimates of the number of foreign-owned businesses, turnover and approximate gross value added (aGVA) for 2018. Revised estimates for 2017 are also published within this release.

The release also provides a high-level analysis of the number of foreign-owned business and aGVA contribution from 2008 to 2018.

The estimates contained in this release are taken from the [Annual Business Survey \(ABS\)](#), which provides the size and growth of the UK non-financial business economy. These data show how many businesses based in the UK are either UK- or foreign-owned, by industry and employment size.

The ABS covers only the UK non-financial business economy, which accounts for approximately two-thirds of the UK economy in terms of aGVA. The industries covered are:

- non-financial services (includes professional, scientific, communication, administrative, transport, accommodation and food, private health and education, and entertainment services)
- distribution (includes retail, wholesale and motor trades)
- production (includes manufacturing, oil and gas extraction, energy generation and supply, and water and waste management)
- construction (includes civil engineering, house building, property development and specialised construction trades such as plumbers, electricians and plasterers)
- parts of agriculture (includes agricultural support services and hunting), forestry and fishing

Please note that non-financial services excludes financial and insurance, public administration and defence, public provision of education and health, and all medical and dental practice activities. Part of agriculture excludes crop and animal production.

Regional ABS estimates are produced by apportioning the survey return from each reporting unit to its individual sites and then summing them to the regional level. More information can be found under regional apportionment in [Section 5.8 of the ABS technical report](#).

Estimates published in the [ABS national release](#) include turnover, purchases, aGVA at basic prices and employment costs. All data are reported at current prices, so no adjustments have been made to account for the effects of inflation.

ABS estimates are subject to revisions. The previous estimate for 2017 foreign-owned aGVA was £331.3 billion. This has been revised to £324.6 billion.

3 . Contribution of foreign-owned businesses between 2008 and 2018

Between 2008 and 2018, there has been significant growth in the contribution of foreign-owned businesses in the UK non-financial business economy. Over this 10-year period, the number of foreign-owned businesses increased by 28.6%, representing an increase of 6,746 businesses. During the same period, the value of foreign-owned approximate gross value added (aGVA) increased by 45.8%, an increase of £113.1 billion. While both the number of foreign-owned businesses and value of aGVA increased, the proportion relative to UK-owned businesses remained fairly constant.

The continent of ownership with the largest increase in this period was Asia. Asia-owned businesses increased by 71.3% (1,376), while their aGVA contribution in current price terms more than doubled, from £17.4 billion to £42.8 billion. Underpinning this large increase in aGVA were substantial increases in three industries: Manufacturing, Information and communication, and Professional, scientific and technical activities. Of the increase in Asia-owned aGVA, £6.8 billion came from Manufacturing, £4.9 billion from Information and communication and £3.3 billion from Professional, scientific and technical activities.

The EU 28 and Americas consistently produced the largest share of foreign-owned aGVA and number of businesses. Between the period from 2008 to 2018, the number of businesses owned by the EU 28 increased by 28.6% (2,741) and aGVA by 34.0% (£31.9 billion). Of the increase in aGVA, the most significant portion came from the Administrative and support activities industry, at £7.8 billion. Further substantial contributions came from the Manufacturing and Transportation and storage industries, at £7.1 billion and £6.7 billion respectively.

Over the 10-year period, businesses owned by the Americas increased by 7.1% (586), while aGVA increased by 33.8% (£36.5 billion). The three main industries driving this increase in aGVA were: Wholesale and retail trade, Information and communication, and Professional, scientific and technical activities. These industries contributed £12.3 billion, £8.9 billion and £8.4 billion of the increase in aGVA owned by the Americas, respectively.

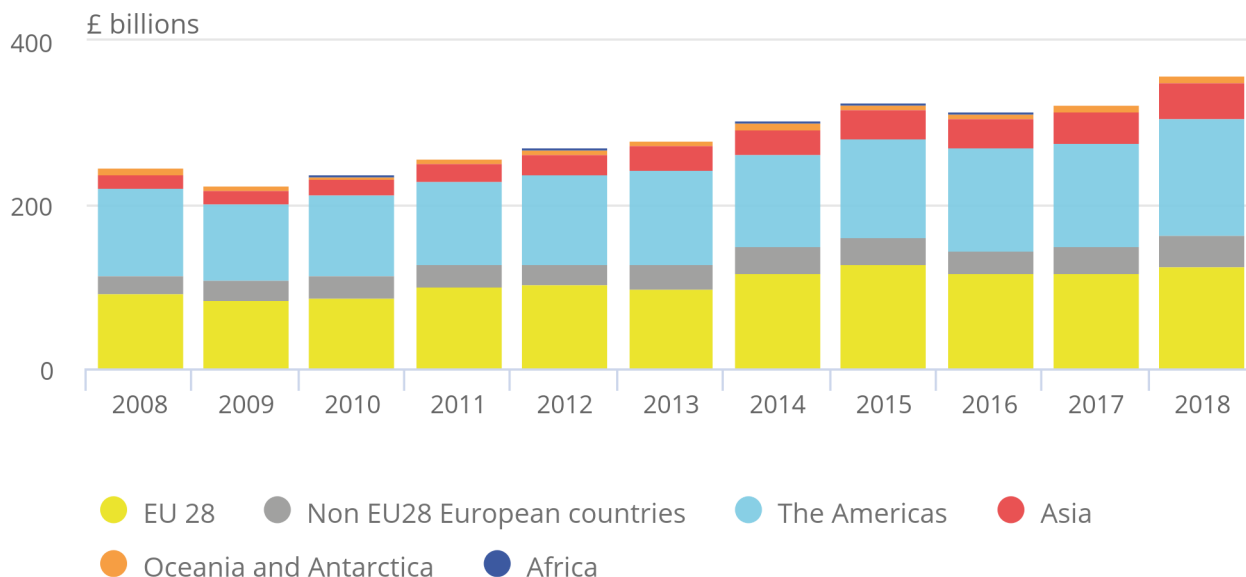
Figure 1 shows the makeup of foreign-owned aGVA. From 2008 onwards, growth in foreign-owned business aGVA has been mostly positive, with the only exception being 2015 to 2016. The sharpest increase in foreign-owned aGVA came in 2017 to 2018, when aGVA increased by 11.0%.

Figure 1: Foreign-owned aGVA growth recovered after the financial crisis, with the largest growth rate being in 2017 to 2018

Approximate gross value added produced by foreign-owned businesses, by continent, 2008 to 2018

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Approximate gross value added produced by foreign-owned businesses, by continent, 2008 to 2018



Source: Office for National Statistics – Annual Business Survey

4 . Foreign-owned businesses by sector

Between 2017 and 2018, the total number of businesses in the UK non-financial business economy increased by 1.8% (43,638), from 2.4 million to 2.5 million. Of this increase, 9.7% (4,237) came from foreign-owned businesses. During the same period, approximate gross value added (aGVA) in the UK non-financial business economy increased by £51.2 billion, with 69.5% (£35.6 billion) from foreign-owned businesses.

In 2018, 1.2% (30,313) of businesses were foreign-owned, up from 1.1% (26,076) in 2017. While a relatively small number of businesses were foreign-owned, they contributed 28.3% (£360.2 billion) towards aGVA in 2018. This represented an increase of 1.7 percentage points on the previous year.

The sector with the largest proportion of both UK- and foreign-owned businesses was the non-financial services sector, with 63.4% (1,554,678) and 54.3% (16,466) respectively. Within this sector, the largest share of foreign-owned businesses came from the professional, scientific and technical activities industry, which contributed 16.8% (5,088) of all foreign-owned businesses.

In terms of the remaining sectors, the second largest share of foreign-owned businesses was in the distribution sector with 24.1% (7,313). The production and agriculture sector followed, with 16.5% (4,995) of foreign-owned businesses. Construction had the smallest portion of foreign-owned businesses, at only 5.1% (1,539).

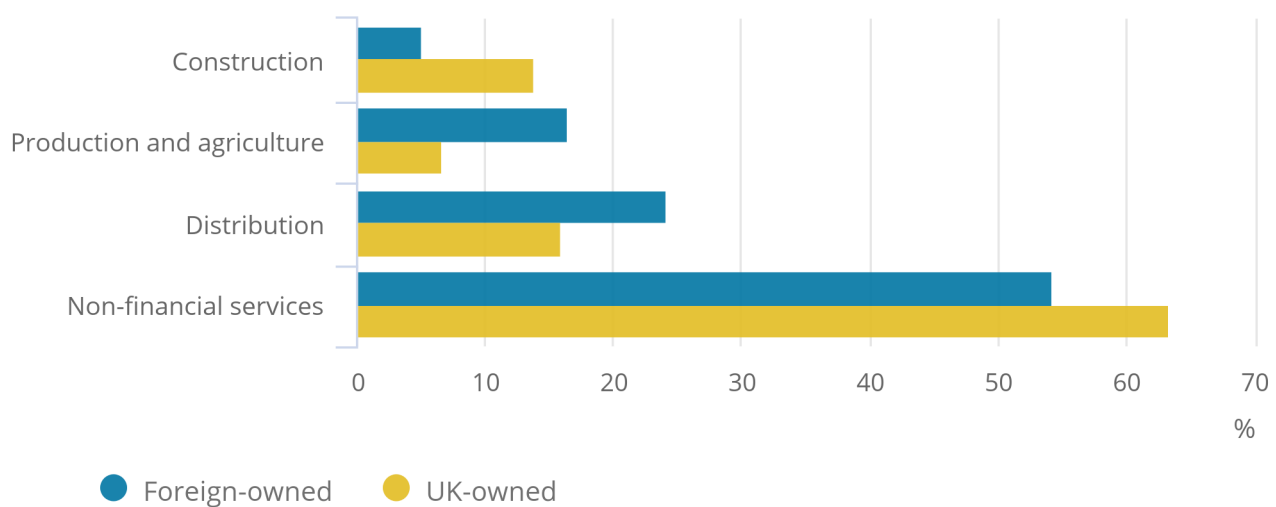
Figure 2 shows the distribution of both UK- and foreign-owned businesses among the four sectors in the UK non-financial business economy. The non-financial services sector and the distribution sector are the sectors that contain the largest proportions of both ownership types. In contrast, the smallest proportion of foreign-owned businesses can be found in the construction sector.

Figure 2: In 2018, the majority of UK- and foreign-owned businesses operated within the non-financial services sector

Proportion of UK- and foreign-owned businesses, by sector, as a proportion of their ownership type, 2018

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Proportion of UK- and foreign-owned businesses, by sector, as a proportion of their ownership type, 2018



Source: Office for National Statistics – Annual Business Survey

5 . Foreign-owned approximate gross value added

Of the four sectors in the UK non-financial business economy, the majority of approximate gross value added (aGVA) came from the non-financial services sector in 2018, at 56.9% (£725.2 billion). Breaking this down into ownership type, £544.1 billion was from UK-owned businesses and £181.1 billion was from foreign-owned businesses. This represented 59.6% and 50.3% of all UK- and foreign-owned aGVA, respectively.

The second largest sector was production and agriculture, which produced 18.7% (£237.5 billion) of total aGVA. The distribution sector followed with a combined aGVA contribution of 16.0% (£203.1 billion). The construction sector produced the least aGVA, at 8.5% (£107.6 billion).

While the non-financial services sector produced the largest share of foreign-owned aGVA, it did not contain the industry with the largest contribution. Within this sector, the information and communication industry produced 31.1% (£56.4 billion), representing 15.7% of all foreign-owned aGVA. On its own, the manufacturing industry produced the most substantial share of foreign-owned aGVA, at 21.3% (£76.6 billion).

Figure 3 shows how foreign-owned aGVA was distributed among both sector and industry.

Figure 3: The sector with the largest share of aGVA was non-financial services, while the largest industry was manufacturing in 2018

Proportion of foreign-owned approximate gross value added, by sector and industry, 2018

[Data download](#)

There are three industries within the UK non-financial business economy where more than 40% of aGVA originated from foreign-owned businesses. Within the mining and quarrying industry, there was 139 foreign-owned businesses, which contributed 64.7% (£13.2 billion) of aGVA. The manufacturing industry was made up of 3.0% (4,085) of foreign-owned businesses, producing 45.1% (£76.6 billion) of aGVA, and information and communication consisted of 1.7% (3,843) of foreign-owned businesses, producing 43.2% (£56.4 billion) of aGVA.

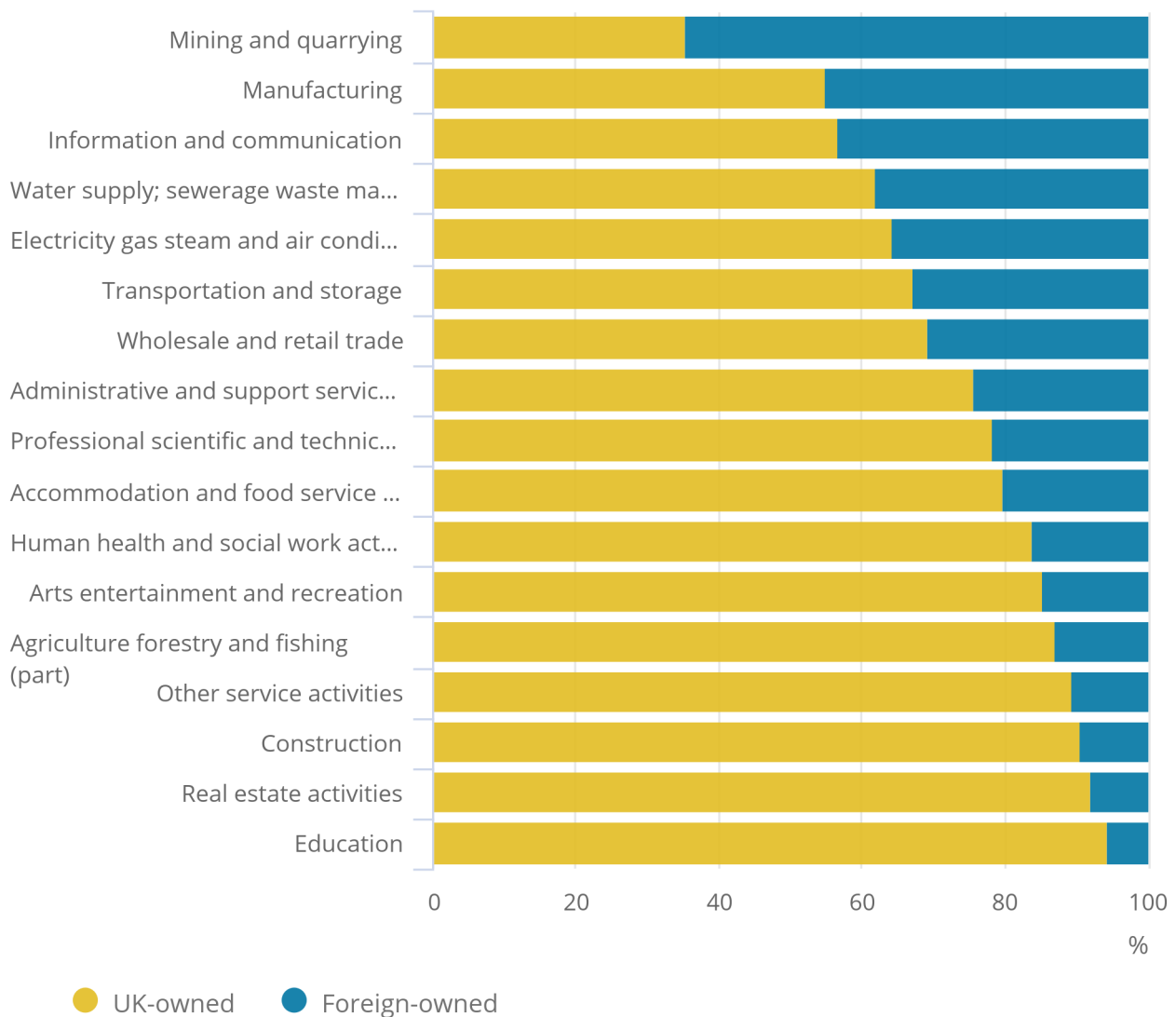
Figure 4 shows the breakdown of industry aGVA by ownership type. Of the top five industries for contribution of foreign-owned aGVA, four were from the production and agriculture sector. The industries that produced predominantly UK-owned aGVA were in the non-financial services sector, with three out of the top five.

Figure 4: Mining and quarrying was the only industry with aGVA predominately from foreign-owned businesses in 2018

Proportion of industry approximate gross value added, by ownership type, 2018

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Proportion of industry approximate gross value added, by ownership type, 2018



Source: Office for National Statistics – Annual Business Survey

6 . Foreign-owned businesses by location of ownership

In 2018, it is estimated that Europe contributed the largest share of foreign-owned businesses, at 55.9% (16,959). Europe also produced the largest share of approximate gross value added (aGVA), representing 45.4% (£163.5 billion). The number of businesses owned by Europe increased by 15.8% (2,310) between 2017 and 2018, while aGVA increased by 8.3% (£12.5 billion).

Between 2017 and 2018, the number of businesses owned by the EU 28 increased by 14.2% (1,537), while the number of businesses owned by the Americas increased by 14.0% (1,085). The EU 28 remained the largest contributor in terms of number of businesses, at 40.7% (12,341) of all foreign-owned businesses.

In terms of aGVA, the value produced by EU 28-owned businesses increased by 7.2% (£8.4 billion) between 2017 and 2018, while aGVA produced by businesses owned by the Americas increased by 14.0% (£17.7 billion). Excluding Europe (total), businesses owned by the Americas produced the largest share of foreign-owned aGVA, at 40.1% (£144.4 billion).

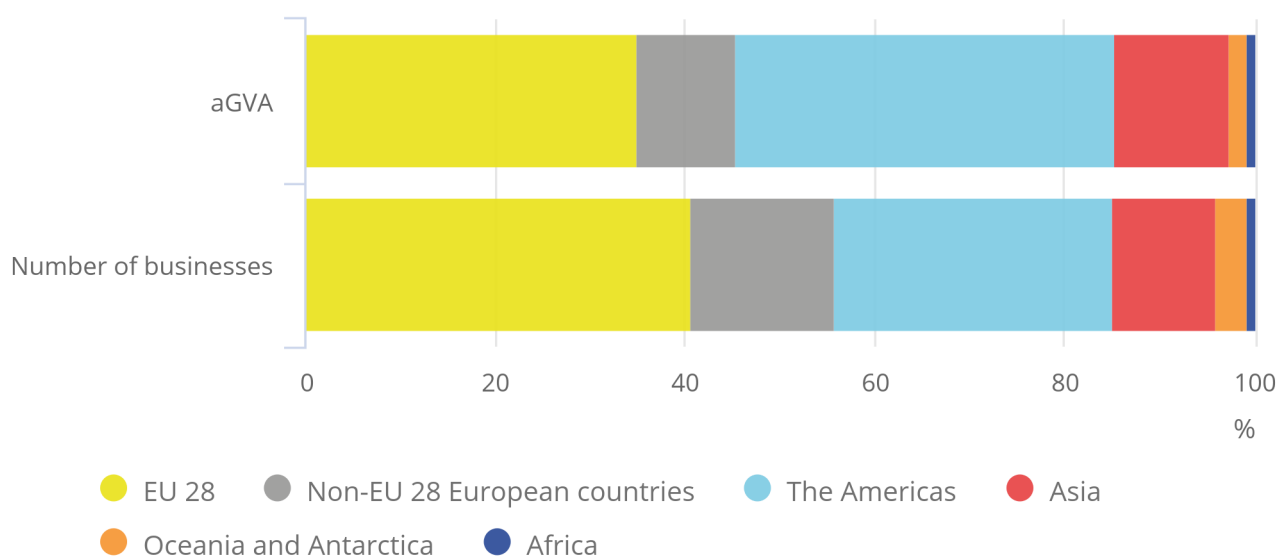
Figure 5 shows the proportion of both aGVA and number of businesses by continent of ownership (excluding Europe (total)). The two largest contributors to both number of businesses and aGVA were the EU 28 and the Americas; when combined, they accounted for 69.9% of foreign-owned businesses and 75.0% of foreign-owned aGVA.

Figure 5: The majority of foreign-owned aGVA came from the Americas, while the majority of businesses were owned by the EU 28 in 2018

Proportion of businesses and approximate gross value added, by continent of ownership, 2018

Figure 5: The majority of foreign-owned aGVA came from the Americas, while the majority of businesses were owned by the EU 28 in 2018

Proportion of businesses and approximate gross value added, by continent of ownership, 2018



Source: Office for National Statistics – Annual Business Survey

Within the UK non-financial business economy, 2.2 million businesses can be described as micro businesses (those with less than 10 employment). Of these, 0.7% (14,531) were foreign-owned, making up close to half (47.9%) of all foreign-owned businesses. While the largest number of foreign-owned businesses were micro-sized, the large foreign-owned businesses (those with over 250 employment) were most prevalent. In 2018, there were 8,840 large businesses; 71.3% (6,301) were UK-owned and 28.7% (2,539) were foreign-owned.

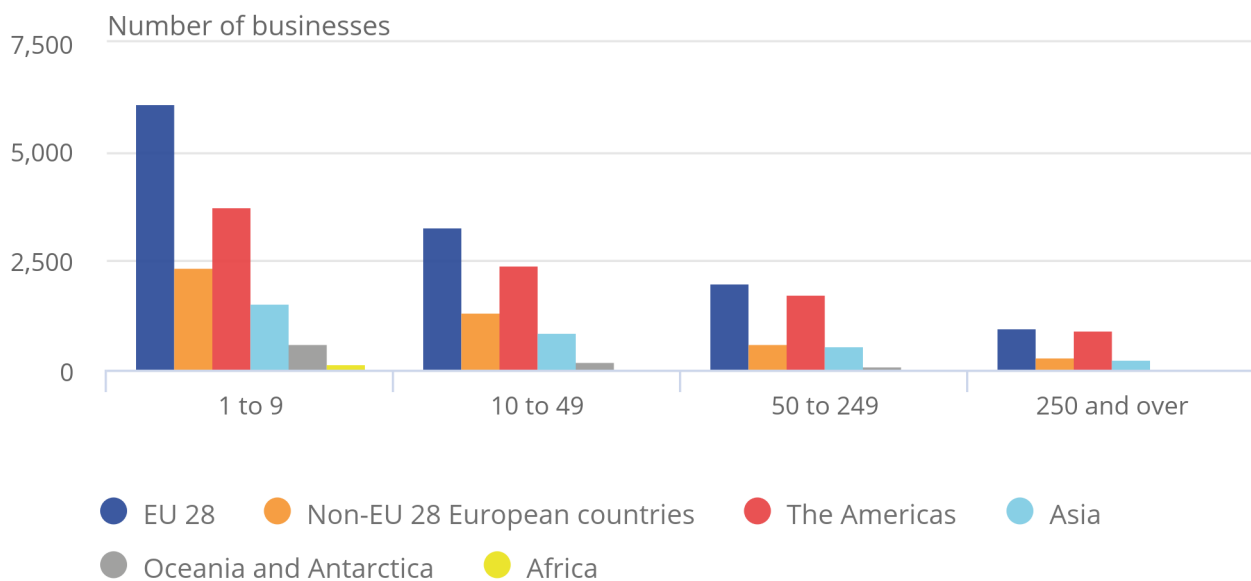
Figure 6 shows the foreign-owned businesses broken down into employment size-band and continent of ownership; Europe (total) has been split into EU 28 and non-EU 28. The majority of both micro-sized and large businesses were owned by the EU 28. Of the businesses classed as micro-sized, 6,090 were owned by the EU 28 while the Americas owned 3,756. In terms of the large businesses, the Americas owned marginally less at 938 compared with 962.

Figure 6: The largest number of both micro-sized businesses and those with over 250 employment were from the EU 28 in 2018

Number of businesses in each size-band, by continent of ownership, 2018

Figure 6: The largest number of both micro-sized businesses and those with over 250 employment were from the EU 28 in 2018

Number of businesses in each size-band, by continent of ownership, 2018



Source: Office for National Statistics – Annual Business Survey

7. Regional variations of foreign-owned businesses

The majority of foreign-owned businesses operated in England (86.4%). These businesses produced 87.4% (£306.0 billion) of all foreign-owned approximate gross value added (aGVA) in 2018, representing an increase of £26.9 billion on the previous year.

Scotland had 8.0% of all foreign-owned businesses, producing 8.1% (£28.5 billion) of all foreign-owned aGVA. The number of foreign-owned businesses in both Wales and Northern Ireland were much smaller, at 3.6% and 2.0% respectively. In terms of aGVA, foreign-owned businesses in Wales produced £11.2 billion while foreign-owned businesses in Northern Ireland produced £4.5 billion; this represented 3.2% and 1.3% of all foreign-owned aGVA, respectively.

In 2017 and 2018, London was the region with both the largest number of foreign-owned businesses and the highest value of foreign-owned aGVA. In 2018, 21.2% (23,930) of foreign-owned businesses operated within London, and these contributed 27.3% (£95.6 billion) to foreign-owned aGVA. Between 2017 and 2018, the number of foreign-owned businesses in London increased by 2,593 and aGVA increased by £10.2 billion.

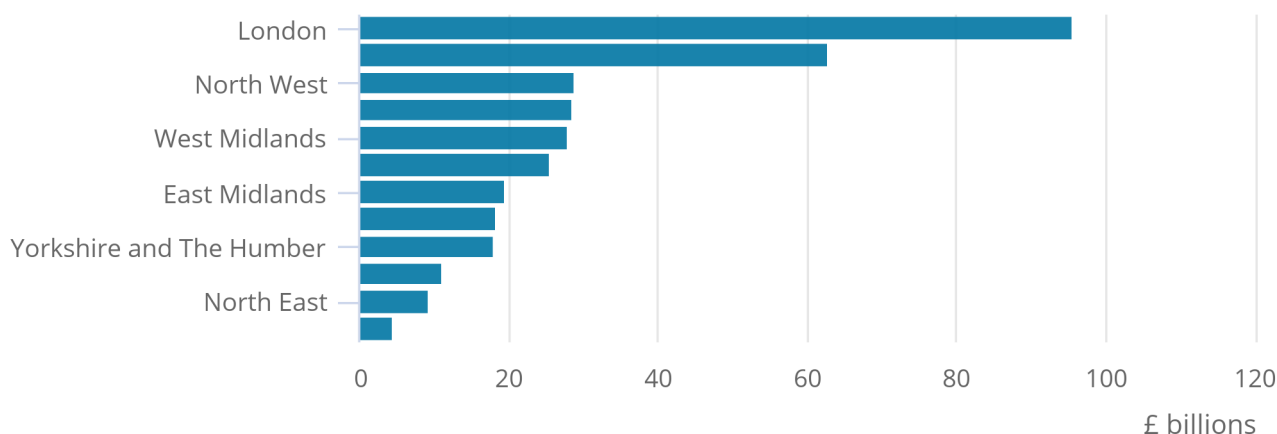
Figure 7 shows the foreign-owned aGVA produced by region (including Scotland, Wales and Northern Ireland). London was the largest contributor in terms of foreign aGVA, while Northern Ireland was the smallest.

Figure 7: The region with the least foreign-owned aGVA was Northern Ireland, while London was the largest in 2018

Foreign-owned approximate gross value added produced, by region, 2018

Figure 7: The region with the least foreign-owned aGVA was Northern Ireland, while London was the largest in 2018

Foreign-owned approximate gross value added produced, by region, 2018



Source: Office for National Statistics – Annual business Survey

8 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Annual Business Survey \(ABS\) QMI](#).

You can also find detailed information on the methods used in the calculation of the ABS in the [ABS technical report](#) and the [ABS methodology article](#).

9 . Links to related statistics

This publication was produced from an extract of the Annual Business Survey (ABS) dataset, with the main publication being the [Non-financial business economy, UK and regional \(Annual Business Survey\): 2018 revised results](#). This release provides estimates of the size and growth of the UK non-financial business economy for 2018.