

Article

Foreign direct investment, experimental UK sub-national statistics: July 2021

Analysis of experimental sub-national inward foreign direct investment positions and earnings statistics between 2015 and 2019.

Contact:
Andrew Jowett
fdi@ons.gov.uk
+44 (0) 1633455357

Release date:
19 July 2021

Next release:
To be announced

Table of contents

1. [Main points](#)
2. [Foreign direct investment positions by UK country and region](#)
3. [Sub-national inward FDI positions by continent](#)
4. [Inward FDI by city region](#)
5. [Sub-national inward FDI earnings](#)
6. [Foreign direct investment data](#)
7. [Glossary](#)
8. [Data sources and quality](#)
9. [Future developments](#)
10. [Related links](#)

1 . Main points

- The value of the inward foreign direct investment (FDI) stock (also known as the inward position) in London in 2019 (£660.8 billion) was more than three-times greater than the second-highest inward position for the South East (£197.6 billion); FDI in London accounted for 42.4% of the UK's inward FDI position in 2019, which increased to 55.1% for London and the South East combined.
- These experimental statistics suggest that for every job in London, there was £108,656 of FDI stock and £39,727 per job in the South East in 2019; the results for the other English regions plus Northern Ireland averaged £20,801 of FDI position per job.
- Most UK countries and regions had the highest proportions of their inward investment positions with the EU in 2019; London and Scotland were two exceptions.
- The inward FDI stock followed upward trends for six city regions between 2015 and 2019; the biggest proportional increases were for the Tees Valley Combined Authority (102.5% higher in 2019 than 2015), inner London (64.7% higher) and Glasgow City Region (50.4% higher).
- The UK country and regional distribution of inward FDI earnings – essentially the profits generated on the stock of FDI – largely followed the distribution for inward FDI positions; London and the South East accounted for half (50.7%) of all inward FDI earnings in 2019.
- The trends between 2015 and 2019 for inward FDI earnings across city regions were mixed; six of the 16 city regions observed upward trends over that period.
- These are experimental statistics from linking FDI microdata with local unit information from the Inter-Departmental Business Register and apportioned by sub-national employment from the Business Register and Employment Survey; these estimates are subject to change as we develop our methods and explore different sources of information.

2 . Foreign direct investment positions by UK country and region

The inward foreign direct investment (FDI) position is the total value of the stock of FDI in the UK that is controlled by non-UK resident companies. That stock is the total value of those foreign-owned UK companies, which includes buildings, property and equipment, among other things. This is the first time that we have published FDI statistics by UK country and region, with all previous statistics for total UK only.

This article uses information from the Inter-Departmental Business Register (IDBR) to identify where in the UK these inward direct investments are located. Where an inward FDI company has a presence in different parts of the UK, we have weighted their FDI values using employment from the Business Register and Employment Survey (BRES) for specific postcodes. These have been aggregated to UK countries and regions using the [International Territorial Level \(ITL\) geographies](#) in place as of January 2021. ITL1 refers to the nine regions of England, and the countries of Wales, Scotland and Northern Ireland.

These are experimental statistics and could be subject to change as we develop our methods and explore other sources of information. There is also a degree of uncertainty caused by using apportionment methods, so we advise caution when interpreting these values.

Inward FDI position

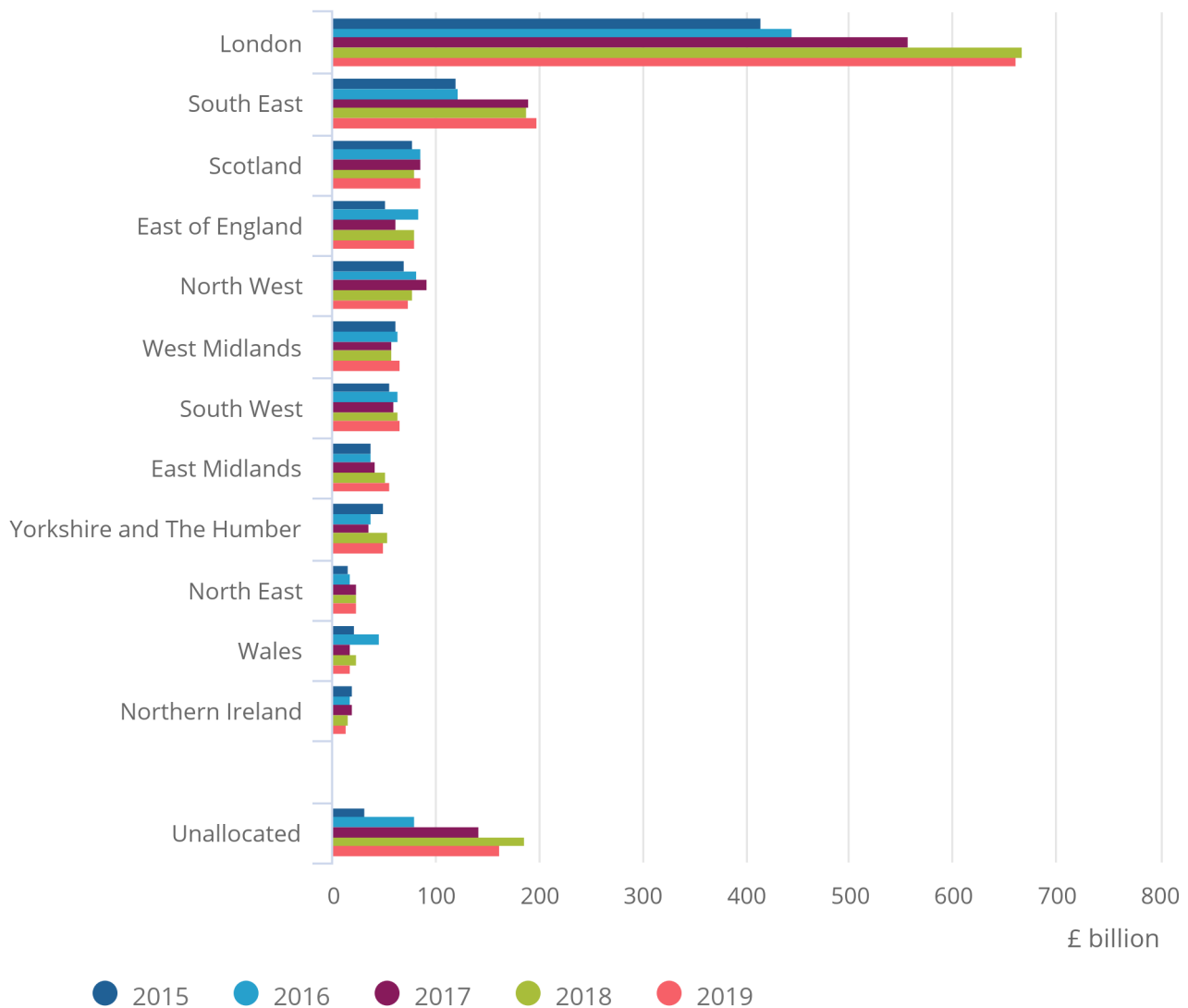
The highest inward FDI position values were in London in every year between 2015 and 2019 (Figure 1). The stock value in 2019 (£660.8 billion) was more than three-times greater than the inward position in the second-largest region, the South East (£197.6 billion). FDI in London accounted for 42.4% of the UK's inward FDI position in 2019, which increased to 55.1% for London and the South East combined. Scotland had the third-highest UK country or region inward FDI position in 2019 (£85.9 billion), compared with Wales (£18.9 billion) and Northern Ireland (£14.8 billion).

Figure 1: London, the South East, East of England, and East Midlands were the main regions with general upward trends in their inward FDI stock values between 2015 and 2019

Experimental inward FDI positions by ITL1 country and region, ordered by descending FDI position values in 2019, 2015 to 2019

Figure 1: London, the South East, East of England, and East Midlands were the main regions with general upward trends in their inward FDI stock values between 2015 and 2019

Experimental inward FDI positions by ITL1 country and region, ordered by descending FDI position values in 2019, 2015 to 2019



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. Summing for all regions and countries may not match published UK totals because of rounding.
2. Unallocated results represent those FDI companies that could not be linked through the Inter-Departmental Business Register or Business Register and Employment Survey.

The trends in sub-national inward FDI between 2015 and 2019 have been relatively stable for most ITL1 areas. The main exception was London, where inward FDI values in 2019 (£660.8 billion) were much higher than the value in 2015 (£415.8 billion, or 58.9% higher). Other regions to observe upward trends in the inward position were the South East (65.6% higher), East of England (51.5% higher), and East Midlands (46.7% higher).

FDI stock per workforce job

It is also possible to frame the stock of FDI relative to the number of jobs in each country or region. We used [workforce jobs](#), in these calculations. London also had the highest inward stock of FDI per job in 2019 (Figure 2). These experimental statistics suggest that for every job in London, there was £108,656 of FDI stock. This was followed by the South East, which had £39,727 of FDI per job.

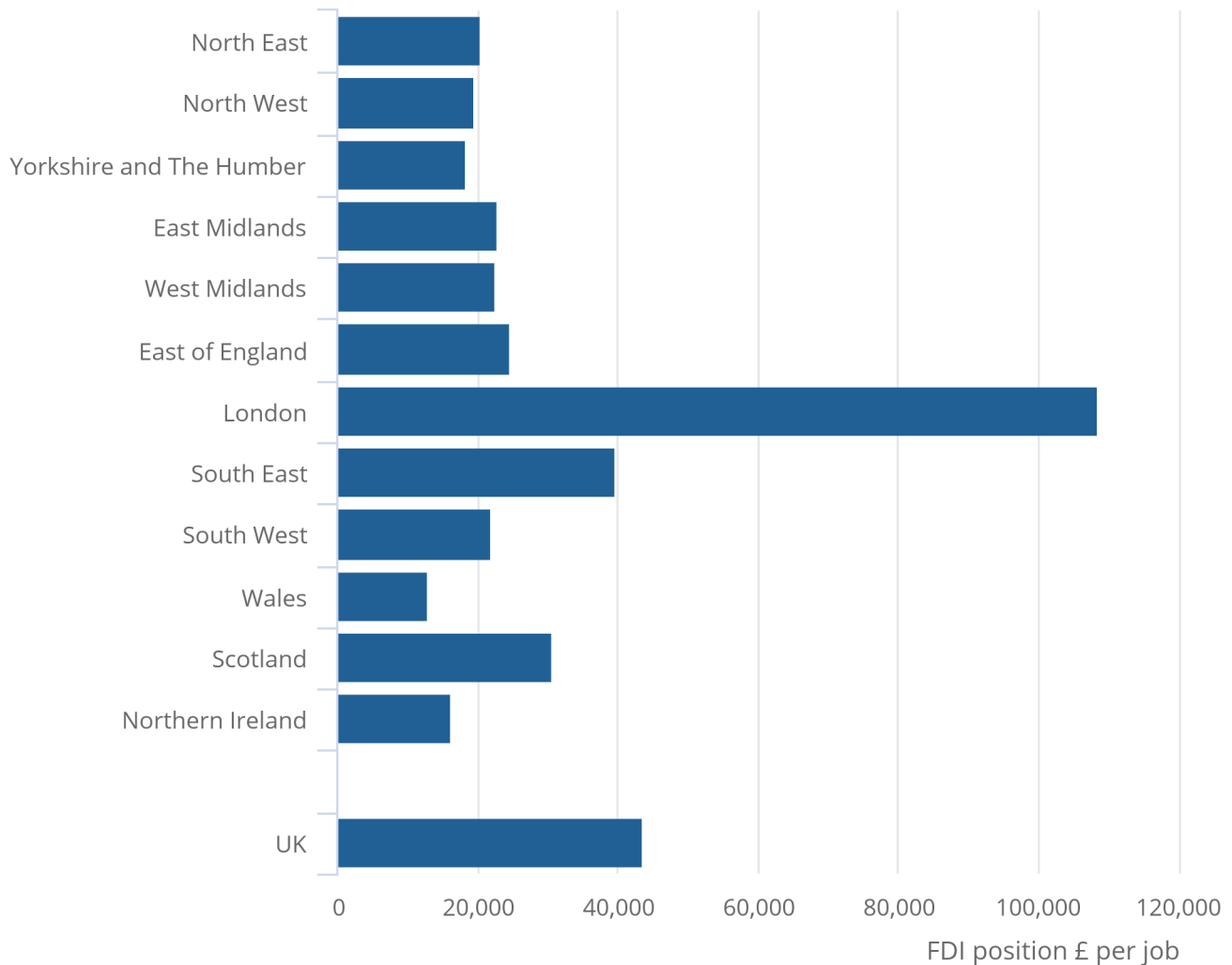
Looking at the other countries and regions of the UK shows that many of them had values around £20,000 per job in 2019. All seven of the other English regions plus Northern Ireland were within a range of £15,000 to £25,000 of FDI position per job, averaging £20,801 of FDI position per job. The result for Scotland was slightly higher (£30,592 per job) and for Wales slightly lower (£12,981 per job).

Figure 2: For each job, there was around £20,000 of FDI stock for the majority of UK regions and Northern Ireland in 2019

Experimental inward FDI positions relative to workforce jobs for ITL1 countries and regions, 2019

Figure 2: For each job, there was around £20,000 of FDI stock for the majority of UK regions and Northern Ireland in 2019

Experimental inward FDI positions relative to workforce jobs for ITL1 countries and regions, 2019



Source: Office for National Statistics – Foreign Direct Investment Survey and Workforce Jobs

Notes:

1. These results do not include unallocated FDI in the country or regional results but are included in the UK total. The results for all countries and regions are likely to be higher if the unallocated FDI positions could be included in those results.
2. The workforce jobs values used are taken in December of each year, using the seasonally-adjusted series.

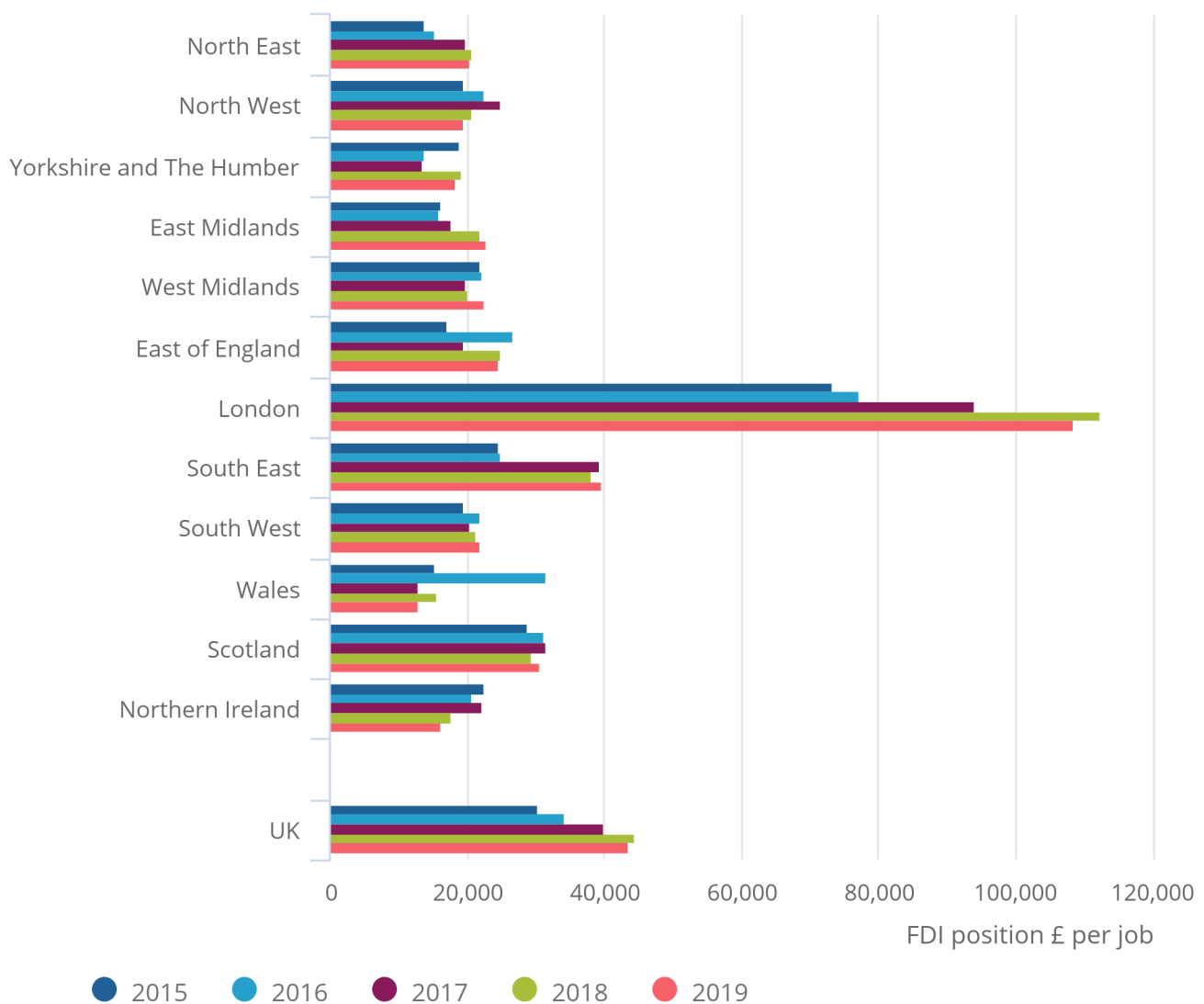
The trends in the value of inward FDI stock per job across the UK countries and regions between 2015 and 2019 had some distinct patterns. For London, the East Midlands and the East of England, these have been broadly upwards (Figure 3). The results for the South East and North East both saw a relatively big step-change in the FDI position per job in 2017, with the ratio being more stable in 2018 and 2019. The values in the other countries and regions have generally been fairly consistent, with the exception of Northern Ireland where the ratio for FDI stock to jobs has followed a downward trend.

Figure 3: There have been different trends in the value of inward FDI stocks per job across the UK countries and regions

Experimental inward FDI positions relative to workforce jobs for ITL1 countries and regions, 2015 to 2019

Figure 3: There have been different trends in the value of inward FDI stocks per job across the UK countries and regions

Experimental inward FDI positions relative to workforce jobs for ITL1 countries and regions, 2015 to 2019



Source: Office for National Statistics – Foreign Direct Investment Survey and Workforce Jobs

Notes:

1. These results do not include unallocated FDI in the country or regional results but are included in the UK total. The results for all countries and regions are likely to be higher if the unallocated FDI positions could be included in those results.
2. The workforce jobs values used are taken in December of each year, using the seasonally-adjusted series.

3 . Sub-national inward FDI positions by continent

It is also possible to look at these experimental statistics by the first continent of where the direct investor of a UK-based affiliate resides (the immediate parent company). Foreign direct investment (FDI) from the EU accounted for the highest proportion of the respective UK country or region totals in nine of the 12 areas, and more than 50% of the inward position in the East of England, West Midlands, Wales and Northern Ireland (Figure 4).

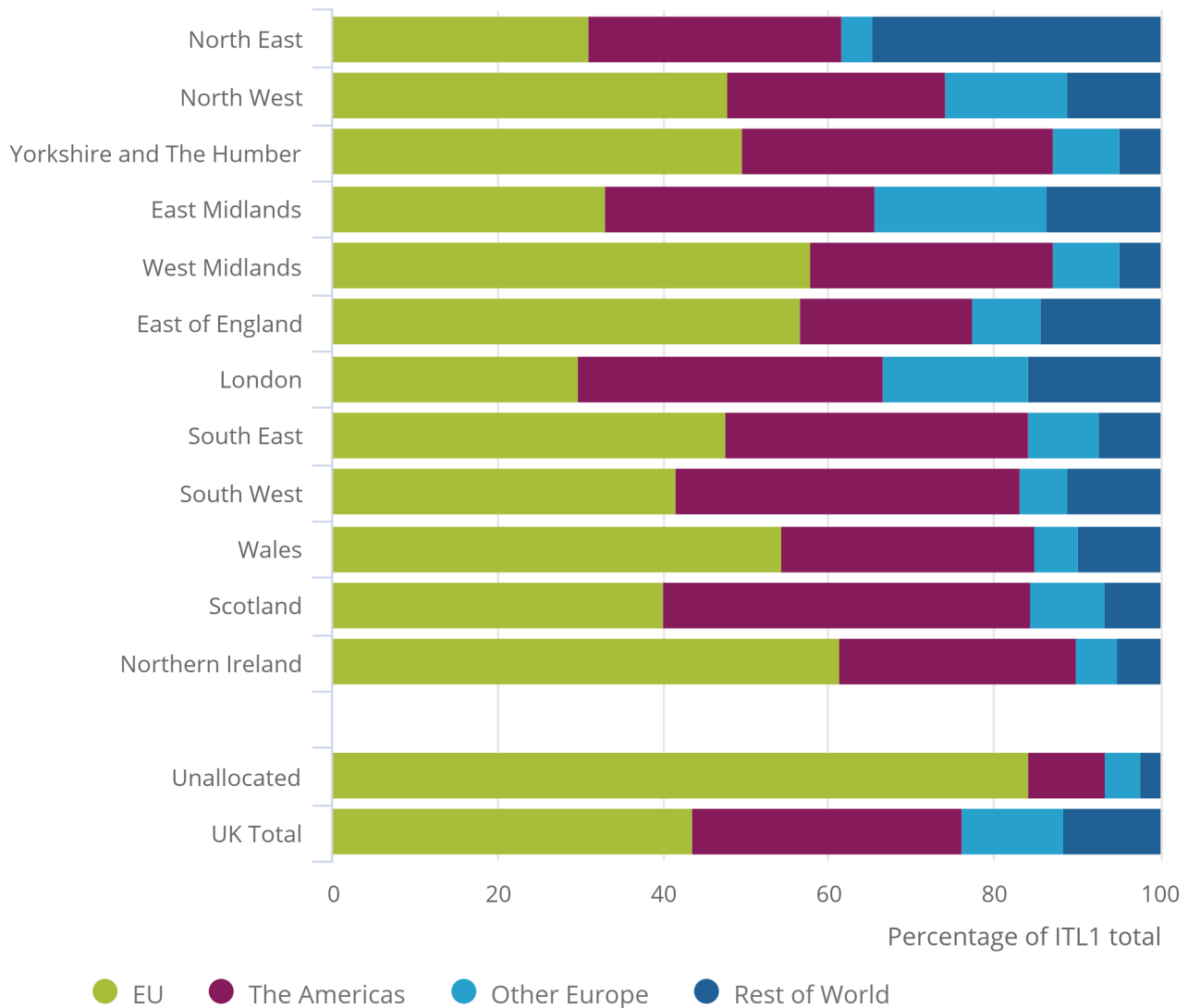
For two areas – London and Scotland – the value of FDI from the Americas was higher than the value with the EU, and then usually second-highest for the rest. Finally, FDI from the rest of the world accounted for more than one-third of the inward FDI position in the North East, which was much higher than the proportion from the rest of the world in any other region.

Figure 4: EU parent companies controlled more than half of the inward FDI positions for four UK countries or regions in 2019

Experimental ITL1 country and region inward FDI positions by continent of the immediate parent company, 2019

Figure 4: EU parent companies controlled more than half of the inward FDI positions for four UK countries or regions in 2019

Experimental ITL1 country and region inward FDI positions by continent of the immediate parent company, 2019



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. Totals may not sum to 100 because of rounding.
2. The continent of the immediate parent company is not necessarily the same as the continent of the ultimate parent company at the top of the ownership chain. For example, if a US company controlled its UK affiliate through the Irish Republic or Luxembourg, then this has the ultimate position with the Americas compared with an immediate position with the EU.

These proportions were also broadly consistent over time. This implies that either the EU or Americas mainly accounted for the highest values in UK country or region FDI positions since 2015. However, these statistics could be affected by corporate decisions, such as restructuring or inward mergers and acquisitions, that can affect the relative proportions by continent in any given year.

4 . Inward FDI by city region

City regions are small groups of local authorities, consisting of the eight Combined Authorities that have directly elected mayors, as well as the mayoral authorities of Greater London and the Sheffield City Region, and the city growth deals agreed in Wales and in Scotland. This article includes information on foreign direct investment (FDI) with 16 city regions, where we have split London into inner and outer London.

The inward FDI position is the stock of FDI in each city region that is controlled by a non-UK parent company. These city regions do not cover the whole of the UK. The total inward FDI position in 2019 across all of these city regions in Table 1 accounted for £916.1 billion, or 58.8% of the total UK inward FDI position. The FDI stock for inner London was £586.7 billion (or 37.6% of the inward FDI position for all of the UK), compared with the stock in outer London of £74.1 billion.

Table 1: Experimental inward foreign direct investment (FDI) positions by UK city region, 2015 to 2019

£ billion

	2015	2016	2017	2018	2019
Inner London	356.3	374.7	507.1	581.9	586.7
Outer London	59.5	71.2	50.6	85.3	74.1
West Midlands Combined Authority	37.9	37.4	36.9	26.2	42.8
Greater Manchester Combined Authority	28.8	32.5	29.0	34.7	34.8
Glasgow City Region	20.5	23.2	29.9	29.6	30.8
Edinburgh and South East Scotland City Region	21.3	22.6	27.0	18.2	23.3
West Yorkshire Combined Authority	32.0	14.2	15.9	21.7	22.4
Aberdeen City Region	26.6	29.6	21.9	24.6	20.4
West of England Combined Authority	16.5	15.7	16.5	17.9	18.8
Cambridgeshire and Peterborough Combined Authority	12.4	15.2	14.1	13.6	15.3
Sheffield City Region	8.5	7.9	7.5	9.9	11.7
Tees Valley Combined Authority	4.7	4.8	9.9	10.0	9.4
Cardiff Capital Region	10.5	32.5	7.8	12.4	8.7
Liverpool City Region Combined Authority	7.4	6.9	9.3	8.7	7.3
North of Tyne Combined Authority	4.4	3.6	3.3	4.9	5.6
Swansea Bay City Region	3.5	7.2	3.7	4.3	4.0

Source: Office for National Statistics – Foreign Direct Investment Survey

These experimental statistics show that six of the city regions had upward trends in their inward FDI positions between 2015 and 2019. Of those, the biggest proportional increases were for the Tees Valley Combined Authority (102.5% higher in 2019 than 2015), inner London (64.7% higher) and the Glasgow City Region (50.4% higher).

On the other hand, there were two city regions with downward trends between 2015 and 2019. The trend for the inward FDI position in the Aberdeen City Region is the more distinct, with the annual increases in 2016 and 2018 only partially offsetting the decreases in the other years over that time period. This led the inward FDI position for the Aberdeen City Region to be 23.4% lower in 2019 than its value in 2015.

The other downward trend can be seen in the West Yorkshire Combined Authority. Even though the inward FDI position was nearly 30% lower in 2019 than in 2015, this largely reflects the large fall in the inward FDI value in 2016 from 2015, with values in subsequent years increasing.

These experimental statistics for city regions should be interpreted carefully, and particularly for year-to-year changes. Those statistics covering smaller economic areas may be more sensitive to corporate decisions in a few companies or any local concentration of economic activity in specific industries. We are continuing to explore these statistics to deepen our understanding of these results.

5 . Sub-national inward FDI earnings

Foreign direct investment (FDI) earnings are essentially the profits generated on the stock of investment over a period of time. We have applied similar methods to those used for inward FDI positions to produce experimental estimates for inward FDI earnings by UK country, region and city region.

UK country and region

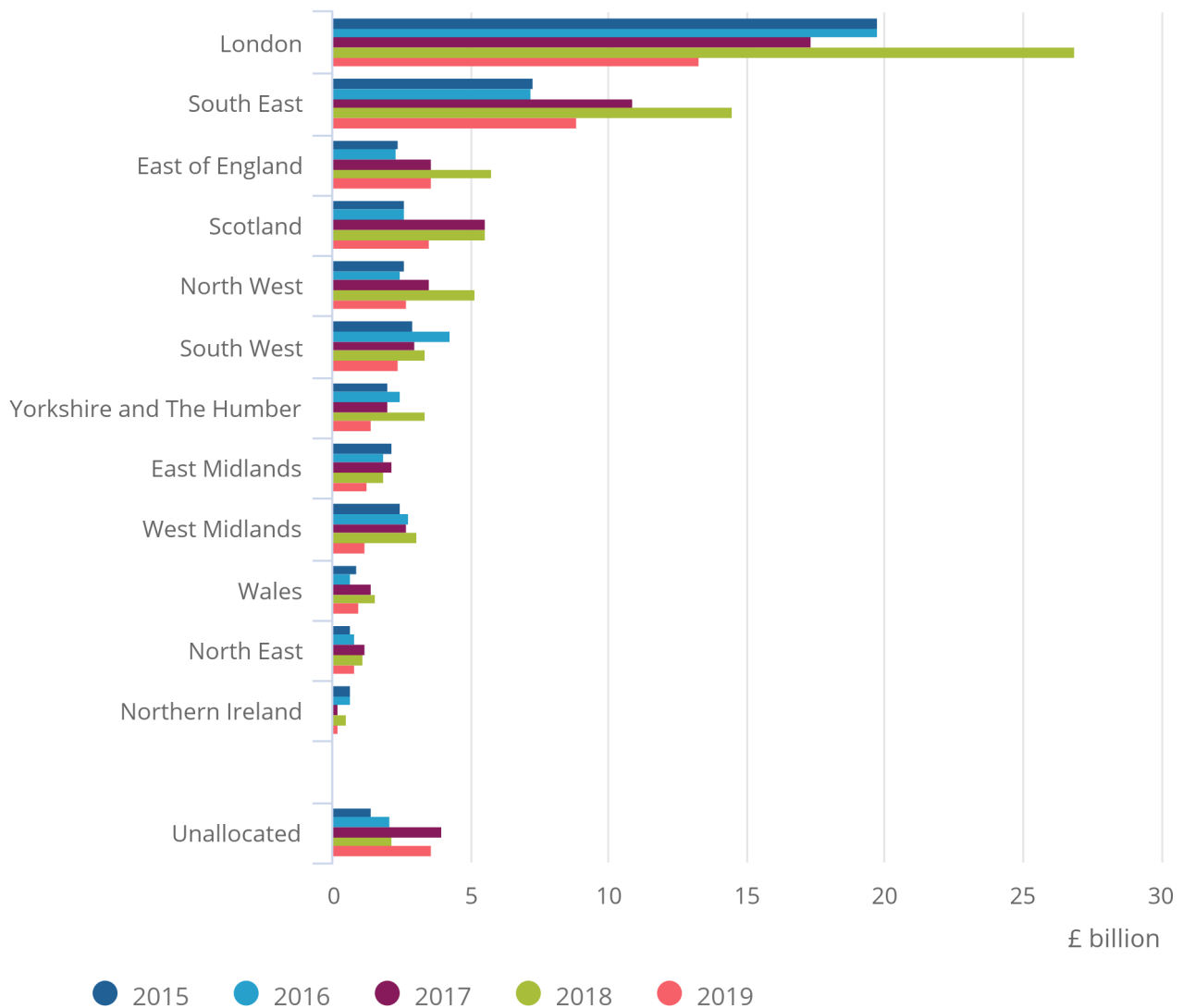
London (£13.3 billion) and the South East (£8.9 billion) generated the highest values of FDI earnings in the UK in 2019, which were the two regions with the highest inward FDI position values too. Combined, FDI earnings for these two regions accounted for half (50.7%) of all UK inward FDI earnings in 2019. This was followed by the East of England (£3.6 billion) and Scotland (£3.5 billion).

Figure 5: The value of inward FDI earnings in London were the highest between 2015 and 2019, but have followed a downward trend over that period

Experimental inward FDI earnings by ITL1 country and region, 2015 to 2019, ordered by descending values in 2019

Figure 5: The value of inward FDI earnings in London were the highest between 2015 and 2019, but have followed a downward trend over that period

Experimental inward FDI earnings by ITL1 country and region, 2015 to 2019, ordered by descending values in 2019



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. Summing for all regions and countries may not match published UK totals because of rounding.
2. Unallocated results represent those FDI companies that could not be linked through the Inter-Departmental Business Register or Business Register and Employment Survey.

The trends in inward FDI earnings between 2015 and 2019 (Figure 5) show more downward trends compared with those observed for inward FDI positions. Of the 12 countries and regions, six had lower values in 2019 than in 2015.

The biggest change was for London, which was £6.5 billion lower in 2019 than 2015, followed by the West Midlands (£1.3 billion lower) and the East Midlands (£0.9 billion lower). By contrast, all three of those regions had upward (London, East Midlands) or stable (West Midlands) trends in their respective FDI stocks.

The time series also shows that inward FDI earnings were highest in 2018 compared with the other years between 2015 and 2019 for most UK countries and regions. This was most pronounced in London and the South East, and not observed in the South West, East Midlands, North East, and Northern Ireland.

Our [Foreign direct investment involving UK companies: 2019 statistical bulletin](#) noted that the increase in inward FDI earnings in 2018 compared with 2017 was biggest for inward FDI with the EU. Our microdata analysis showed that there were a few companies contributing the most to the increase in inward FDI earnings in 2018. The decrease in UK total FDI earnings with the EU in 2019 from 2018 was reported across many EU-owned UK companies.

UK city region

Our experimental statistics can also provide information on the profits generated on the stock of inward FDI by city region. This shows that the inward FDI earnings in inner London were much greater than those in outer London between 2015 and 2019. Those for inner London were £11.2 billion in 2019, compared with £2.1 billion for outer London, or more than five-times higher.

The differences between outer London and the other city regions were much smaller by comparison, for example, inward FDI earnings for outer London was around 60% higher than earnings for the Glasgow City Region (£1.3 billion).

Table 2: Experimental inward foreign direct investment (FDI) earnings by UK city region, 2015 to 2019

£ billion

	2015	2016	2017	2018	2019
Inner London	16.3	16.3	13.8	23.0	11.2
Outer London	3.5	3.6	3.6	3.9	2.1
Glasgow City Region	0.9	1.0	1.4	1.8	1.3
Aberdeen City Region	0.8	0.1	1.8	2.1	1.2
Cambridgeshire and Peterborough Combined Authority	0.2	0.3	1.1	1.1	1.2
Greater Manchester Combined Authority	0.9	0.9	1.2	2.0	0.9
Edinburgh and South East Scotland City Region	0.3	1.2	1.8	1.3	0.8
West of England Combined Authority	1.0	2.0	0.8	1.0	0.8
Liverpool City Region Combined Authority	0.6	0.6	0.6	1.2	0.7
West Midlands Combined Authority	0.8	1.2	1.3	1.7	0.6
Tees Valley Combined Authority	0.1	0.2	0.7	0.5	0.6
West Yorkshire Combined Authority	1.3	1.3	0.6	1.3	0.5
Cardiff Capital Region	0.6	0.5	0.8	0.8	0.4
Sheffield City Region	0.2	0.3	0.4	0.5	0.3
Swansea Bay City Region	-0.2	-0.2	0.3	0.3	0.2
North of Tyne Combined Authority	0.3	0.4	0.3	0.3	0.1

Source: Office for National Statistics – Foreign Direct Investment Survey

The time series for inward FDI earnings by city region shows different trends for each, with some very large changes in some cases. These are experimental statistics so care should be taken when interpreting these results, where it is more informative to look at trends over the time series.

FDI earnings have followed general upward trends in six of the 16 city regions in Table 2, which include the Aberdeen City Region, Cambridgeshire and Peterborough Combined Authority, and the Tees Valley Combined Authority. There is also a suggestion that inward FDI earnings for inner London may have been following a slight downward trend despite the higher value in 2018, whereas that for outer London tended to increase between 2015 and 2018 before falling considerably in 2019.

6 . Foreign direct investment data

[Foreign direct investment involving UK companies \(directional\): inward](#)

Dataset | Released 21 December 2020

Annual statistics on the investment of foreign companies into the UK, including for investment flows, positions and earnings.

7 . Glossary

Foreign direct investment (FDI)

Foreign direct investment (FDI) is cross-border investment made with the objective of establishing a lasting interest in the host economy. FDI is also defined by control relationships, where the direct investor (parent company) controls at least 10% of the voting power (ordinary shares) of the direct investment enterprise. These relationships can be measured in two directions:

- outward: the direct investments of UK-resident companies in other countries
- inward: the direct investments in the UK from non-resident companies

Position

The FDI position is the value of the stock of investment held at a point in time. These statistics are presented as the stock of FDI controlled by UK-resident companies abroad (outward) or the stock of FDI in the UK controlled by foreign companies (inward). FDI positions are net values for the investments held by the direct investor (parent company) minus reverse investment by direct investment enterprises.

Earnings

Earnings can be thought of as the profits generated from the stock of FDI over a period of time. FDI earnings are net values measuring the profits and interest generated by the direct investor (parent company) from their affiliates minus interest generated by affiliates from their parent companies.

Directional measurement principle

The directional measurement principle presents FDI statistics based on the direction of influence of the direct investor (parent company). These statistics are of most use when considering the direction of influence for UK-based companies and therefore in data linking FDI to other sources of information.

International Territorial Level (ITL)

[International Territorial Levels \(ITL\)](#) is the new UK geographies classification system. This has superseded the Nomenclature of Units for Territorial Statistics (NUTS) classification system.

8 . Data sources and quality

Data sources

The main source of information for UK foreign direct investment (FDI) statistics is the Annual FDI Survey; separate surveys are used to collect data on inward and outward FDI. This is combined with data from the Bank of England for all monetary financial institutions – such as banks – and other sources for property and public corporations in FDI. Survey responses are used to estimate or impute FDI values for every company in the UK's inward and outward FDI populations.

These experimental estimates also use information from the Inter-Departmental Business Register (IDBR), and the Business Register and Employment Survey (BRES).

Methodological approach

Building upon recent work on sub-national estimates of international trade, we use responses to the Annual FDI Survey and allocate values to local areas. The survey asks reporting units of businesses to provide the value of various categories of foreign direct investment their business has engaged in, broken down by the industry of investment and the country with which the investment was linked. We take these results collected from the reporting unit (often a head office or administrative site) and use the IDBR and BRES to apportion investment values to the individual local units of a business (such as a shop, warehouse, or office).

For non-financial values of FDI, we link the value collected from reporting units to their associated local units according to the Inter-Departmental Business Register, and allocate the investment values from the reporting unit to each local unit according to the percentage of employees in each local unit. For those units which could not be linked, it was not possible to assign a geography to those values, therefore these values have been reported upon as a separate “unallocated” category.

The FDI of banks, bank holding companies, property and public corporations are not associated with specific businesses, and therefore cannot be linked in the same way. Values are instead broken down according to the number of employees working in financial businesses in each geographic area as reported by the Business Register and Employment Survey. There is currently no better proxy measure available.

9 . Future developments

These experimental statistics have been produced to indicate the type of sub-national results that we could produce. We will continue to develop our methods and produce more statistics on inward foreign direct investment (FDI) flows by UK country and region, alongside equivalent outward FDI positions, earnings and flows statistics.

We also plan to add industry-level details. We welcome any suggestions for how these statistics could be developed further, including on specific continents, countries or industries that would be useful to identify separately (subject to disclosure control). Please send all responses to fdi@ons.gov.uk.

In April 2021, we published an updated plan for [developing foreign direct investment \(FDI\) statistics](#). Part of our development of FDI statistics includes adding questions to the quarterly and annual FDI surveys to collect information from companies on sub-national FDI. This provides another potential option for producing sub-national FDI statistics in the future.

The experimental statistics in this article have been produced from linking FDI microdata with sub-national information from the Inter-Departmental Business Register (IDBR) and apportioning by employment from the Business Register and Employment Survey (BRES). This provides another source of information to compare with any information received from the new questions on the FDI Survey.

10 . Related links

[Foreign direct investment involving UK companies: 2019](#)

Bulletin | Released 21 December 2020

Investment of UK companies abroad (outward) and foreign companies into the UK (inward), including investment flows, positions and earnings, by country, component and industry.

[JOBS05: Workforce jobs by region and industry](#)

Dataset | Released 15 June 2021

Workforce jobs by region and industry.