

Statistical bulletin

Foreign direct investment involving UK companies: 2021

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



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1 . Main points

- Both the inward and the outward foreign direct investment (FDI) positions (stocks) increased in 2021 compared with 2020; the value of the UK's inward position increased by £83.1 billion to £2,002.4 billion, while the outward position increased by £16.0 billion to £1,769.3 billion.
- The increase in the inward FDI position mainly reflects higher positions with the Americas (by £89.7 billion) and non-EU Europe (by £37.3 billion); the increase in the Americas was primarily from professional, scientific and technical services with the United States.
- The value of outward FDI earnings (profits) was almost three times higher in 2021 compared with 2020, rising by £85.1 billion from £49.6 billion, to £134.7 billion; this partly reflects the much lower outward FDI earnings reported in 2020, during the coronavirus (COVID-19) pandemic.
- The increase in outward FDI earnings was seen across all continents; particularly, the Americas was more than four times higher in 2021 than in 2020; this mainly reflects higher earnings reported by a few companies, compared with the low earnings values in 2020.
- Net FDI earnings (outward less inward) were much higher in 2021 (£62.9 billion) than in 2020 (negative £6.5 billion); FDI made a positive contribution to the UK's current account in 2021, having been slightly negative in 2020.

Several factors affected FDI statistics for 2020, including disruption from the coronavirus (COVID-19) pandemic, global recession, and changes to the FDI statistical populations and sampling methods.

We advise caution when comparing results from 2020 with earlier years. More detail can be found in our [Foreign direct investment statistics, overview of methods changes: 2020 article](#).

2 . Foreign direct investment positions

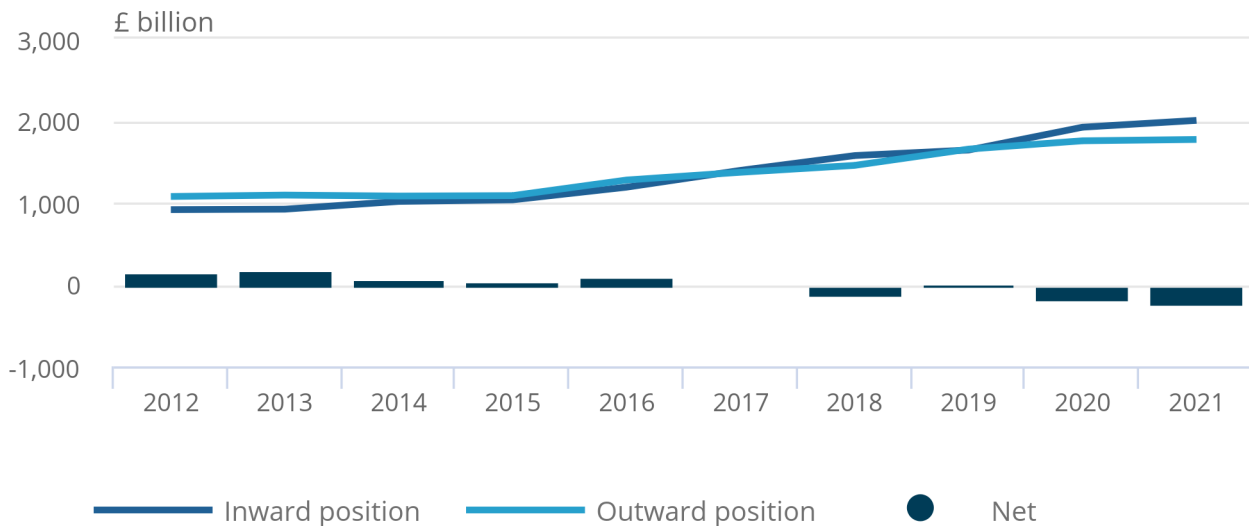
The foreign direct investment (FDI) position is the value of the stock of investment at a point in time. Figure 1 shows that the UK's inward FDI position - the stock of FDI in the UK controlled by foreign companies - rose by £83.1 billion to £2,002.4 billion in 2021. By contrast, the value of the UK's outward FDI position - stock of investment that UK-based companies control abroad - was £16.0 billion higher in 2021 (£1,769.3 billion) compared with 2020 (£1,753.3 billion). This means that the UK's negative net international investment position (outward less inward positions) widened to negative £233.0 billion in 2021, compared with negative £165.9 billion in 2020.

Figure 1: The value of the inward FDI position was above £2,000 billion in 2021

Foreign direct investment outward, inward and net positions, 2012 to 2021

Figure 1: The value of the inward FDI position was above £2,000 billion in 2021

Foreign direct investment outward, inward and net positions, 2012 to 2021



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. This figure uses directional statistics.
2. Changes to FDI statistics between 2019 and 2020 should be viewed with caution; they reflect changes in survey values and possible effects from changes to the FDI populations and sampling stratification processes.

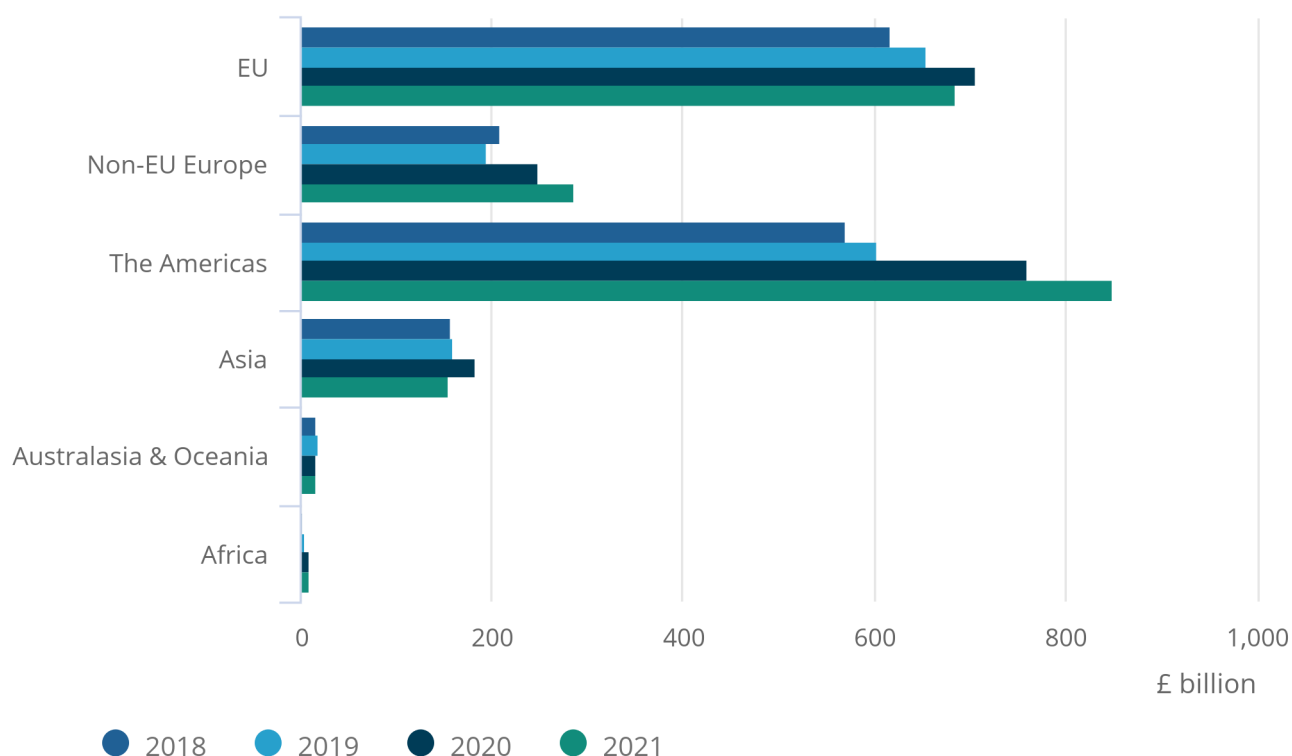
Figure 2 shows that the geographic composition of the UK's inward FDI position had different trends by partner continent. The Americas' FDI position was £89.7 billion higher in 2021 compared with 2020, and inward FDI values for non-EU Europe were £37.3 billion higher. For the Americas, inward FDI positions with the United States increased by £90.4 billion over that period. Microdata analysis suggests this was mainly from a few companies with large changes in professional, scientific and technical services with the United States.

Figure 2: Inward FDI positions with the Americas and non-EU Europe were the main continent increases in 2021 compared with 2020

Foreign direct investment inward positions by partner continent, 2018 to 2021

Figure 2: Inward FDI positions with the Americas and non-EU Europe were the main continent increases in 2021 compared with 2020

Foreign direct investment inward positions by partner continent, 2018 to 2021



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. This figure uses directional statistics.
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The UK's inward FDI position with Asia and the EU decreased by £26.3 billion and £20.3 billion respectively, between 2020 and 2021. The difference for Asia reflects lower values with Japan (by £17.8 billion). Regarding the EU, the UK's inward FDI position with Belgium was £42.2 billion lower in 2021 compared with 2020, which was higher than the decrease for the EU total overall. For both Japan and Belgium, these positions resulted from much lower inward FDI positions reported by a few companies.

As in 2020, the UK's inward FDI position value with the Americas was higher than with the EU in 2021. We implemented changes to the FDI statistical populations and sampling methods in 2020, and recommend using caution when comparing results since 2020 with earlier years. Some of the increase in the value of the UK's inward FDI position with the Americas in 2020 compared with 2019 was from companies reporting higher values. However, they may also reflect our methods changes too. More detail is available in our [Foreign direct investment statistics, overview of methods changes: 2020 article](#).

3 . Foreign direct investment earnings

Foreign direct investment (FDI) earnings are the profits of multinational enterprises. Outward FDI earnings are the profits that UK companies generate on their stock of investment abroad, while inward FDI earnings are those that foreign companies generate from their UK-based businesses.

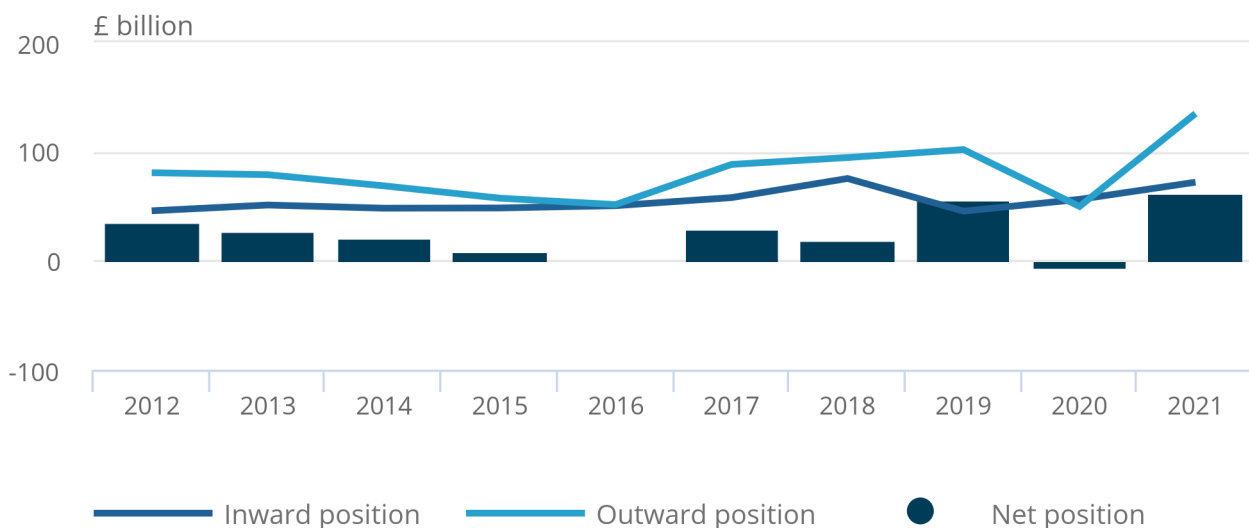
The values for both outward and inward FDI earnings increased in 2021, compared with 2020. Outward earnings were almost three-times higher over that period, rising £85.1 billion from £49.6 billion, to £134.7 billion. Inward earnings increased by £15.6 billion to £71.8 billion, meaning net FDI earnings (outward less inward) were much higher in 2021 (£62.9 billion) than in 2020 (negative £6.5 billion). Therefore, FDI made a positive contribution to the UK's current account in 2021, having been slightly negative in 2020.

Figure 3: The UK's outward FDI earnings more than doubled in 2021 compared with 2020

Foreign direct investment outward, inward and net earnings, 2012 to 2021

Figure 3: The UK's outward FDI earnings more than doubled in 2021 compared with 2020

Foreign direct investment outward, inward and net earnings, 2012 to 2021



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. This figure uses directional statistics.
2. Changes to FDI statistics between 2019 and 2020 should be viewed with caution; they reflect changes in survey values and possible effects from changes to the FDI populations and sampling stratification processes

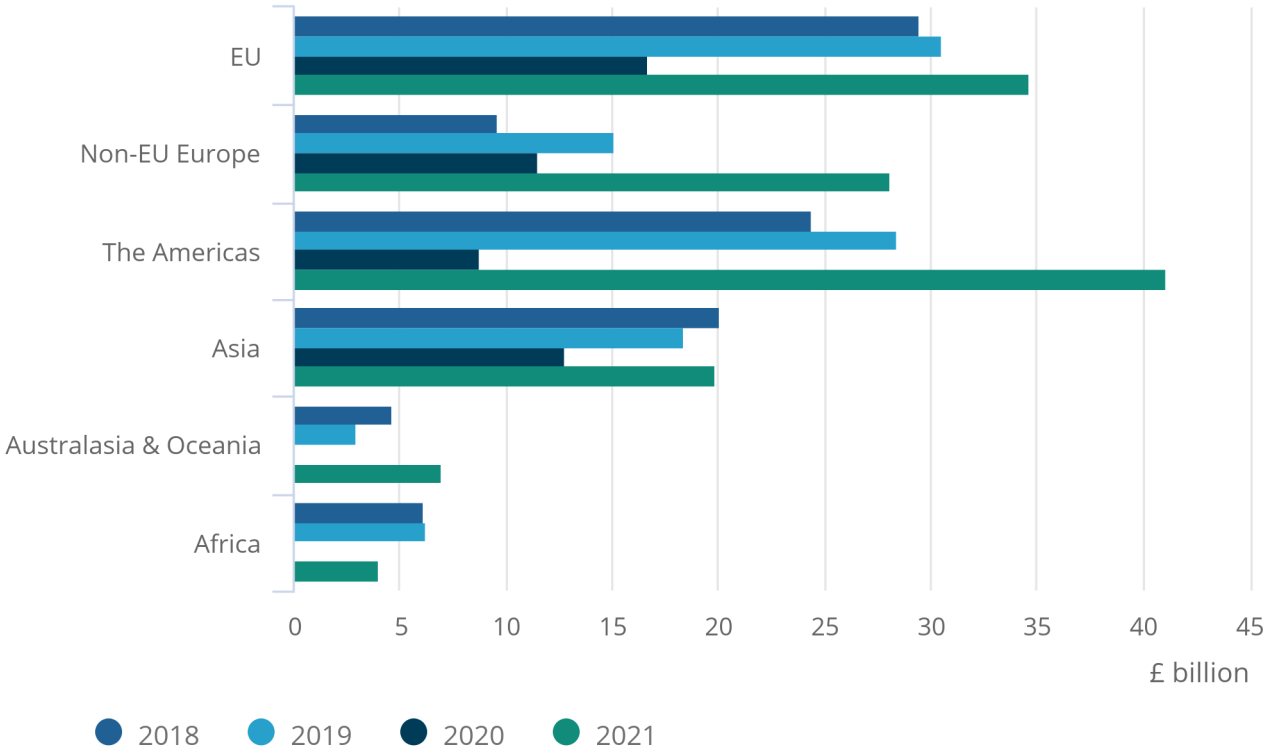
Our outward FDI earnings by partner continent statistics in Figure 4 show that the values in 2021 were higher than those in 2020 in all cases. This includes the values for Australasia and Oceania and for Africa, which have been suppressed to mitigate disclosure. These increases reflect the disruption to UK outward FDI earnings from the coronavirus (COVID-19) pandemic in 2020. For example, the UK's outward FDI earnings value with the Americas (£8.8 billion) was lower than that for the EU, non-EU Europe and Asia in 2020. However, these earnings increased the most of all continents, being more than four times higher in 2021 (£41.1 billion). Outward earnings with the EU and non-EU Europe also more than doubled between 2020 and 2021.

Figure 4: Most UK companies reported higher outward FDI earnings by continent in 2021 compared with 2020 and 2019

Outward foreign direct investment earnings by partner continent, 2018 to 2021

Figure 4: Most UK companies reported higher outward FDI earnings by continent in 2021 compared with 2020 and 2019

Outward foreign direct investment earnings by partner continent, 2018 to 2021



Source: Office for National Statistics – Foreign Direct Investment Survey

Notes:

1. This figure uses directional statistics.
2. “c” denotes value suppressed to mitigate disclosure.
3. Changes to FDI statistics between 2019 and 2020 should be viewed with caution; they reflect changes in survey values and possible effects from changes to the FDI populations and sampling stratification processes.

The United States contributed the most to the increase in outward FDI earnings for the Americas. Earnings increased by £14.6 billion in 2021, double the value reported in 2020. Outward FDI earnings with the Netherlands accounted for £7.5 billion (41.9%) of the increased value for the EU. Outward earnings growth for non-EU Europe was led by the UK Offshore Islands (£8.4 billion), which accounted for half of the overall increase (£16.6 billion) for that region.

4 . Foreign direct investment data

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

Dataset | Released 23 January 2023

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

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

Dataset | Released 23 January 2023

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

5 . 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 and inward. Outward refers to the direct investments of UK-resident companies in other countries, while inward refers to 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. 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.

Flows

Flows measure the cross-border movement of funds within multi-national enterprises. FDI flows include changes in shareholdings (equity), debt and reinvested earnings associated with the stock of FDI. These are net values showing investments minus disinvestments.

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.

6 . Measuring the data

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 values for every company in the UK's inward and outward FDI populations.

Coverage and sample size

The FDI estimates published within this bulletin cover the period 2012 to 2021; the 2019 and 2020 estimates are revised, and the 2021 statistics are published for the first time. The annual survey will be used to benchmark statistics previously published for 2021, which were based on the Quarterly FDI Survey.

The annual surveys have larger sample sizes than the quarterly surveys. They are sent to companies to complete with information in their audited annual accounts, rather than management accounts. Estimates presented for 2021 will be incorporated into our [Quarterly balance of payments statistics bulletin](#) ahead of Pink Book 2023.

Quality

More information on strengths, limitations, appropriate uses, and how statistics were calculated is available in our [Foreign direct investment Quality and Methodology Information \(QMI\) report](#).

We are also continuing to develop our FDI statistics in a number of areas. More details on our other development plans can be found in our [UK trade and investment development plans update: achievements and forward look: October 2022 article](#).

We welcome any feedback on these changes. Share your feedback by emailing fdi@ons.gov.uk.

7 . Strengths and limitations

Revisions

The estimates in this statistical bulletin are based on the annual Foreign Direct Investment (FDI) Survey for 2021. Provisional estimates can be derived from quarterly surveys, and appear in our [Quarterly balance of payments statistical bulletins](#). However, estimates based on the annual surveys provide firmer and more detailed figures. There are also revisions to FDI estimates for 2019 and 2020, which reflect updated information received since our estimates were first published.

Reporting FDI relationships

In line with international guidance, UK FDI statistics are presented in current prices on an immediate partner country basis; as such, geographical compositions reflect direct relationships between investing parties, rather than the residence of the ultimate parent or final destination of the investment.

Multinationals often have complex corporate structures, where a parent company controls a large network of inter-linked affiliates and branches across the globe. Since published statistics report the immediate partner country, geographical compositions can be distorted in cases where a parent company invests through one or more countries before the investment reaches its final destination. While affecting geographical compositions, aggregate FDI statistics are unaffected by whether they are presented on an immediate, or an ultimate, basis.

Accuracy

Response rates are an indication of accuracy for our estimates. Low response rates may introduce bias if respondents are not fully representative of those selected in the sample. Efforts are made to minimise non-response, including written and email reminders or follow-up telephone calls to non-responding companies.

The response rates for the 2021 annual surveys are shown in Table 1.

Table 1: Response rates for annual foreign direct investment surveys
2021

Response rates	Outward FDI	Inward FDI
Selected Sample Size	2,224	4,187
Numbers co-operating fully or partially	1,074	2,111
Non-responders	1,150	2,076
Overall response rate (%)	48.3	50.4

Source: Office for National Statistics – Foreign Direct Investment Survey

8 . Related links

[Foreign direct investment statistics, overview of methods changes: 2020](#)

Article | Released 3 February 2022

Summarising how we have used commercial information to enhance the UK's foreign direct investment (FDI) populations and stratification methods, with further information on the composition of microdata behind these estimates.

[UK trade and investment development plans update: achievements and forward look: October 2022](#)

Article | Released 28 October 2022

An update on our transformation of UK trade and investment statistics, highlighting recent successes and ongoing and future development plans.

9 . Cite this statistical bulletin

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