

Article

Foreign-owned businesses in the UK non-financial business economy (Annual Business Survey): 2017

Annual estimates of the number of foreign-owned businesses, turnover and approximate gross value added (aGVA) in the UK for 2017 and revised estimates for 2016, from the Annual Business Survey.

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Table of contents

1. [Main points](#)
2. [Things you need to know about this release](#)
3. [The majority of foreign-owned businesses operated within the services sector in 2017](#)
4. [What do the other sectors show?](#)
5. [Europe remains the continent with the most foreign-owned businesses in the UK](#)
6. [Regional variations of foreign-owned businesses](#)
7. [Links to related statistics](#)
8. [Quality and methodology](#)

1 . Main points

- In 2017, there were just over 2.4 million registered non-financial businesses in the UK, of which 1.1% were owned by businesses outside the UK (foreign-owned).
- These businesses contributed 27.0% in approximate gross value added (aGVA) to the UK's non-financial business economy, which was an increase of £16.1 billion in aGVA compared with 2016.
- The majority of foreign-owned businesses operated in the non-financial services sector, generating £160.6 billion towards aGVA.
- 56.2% of foreign-owned UK businesses were European; these contributed 45.0% (£149.0 billion) to total aGVA generated by foreign-owned businesses.
- There were 7,770 UK businesses owned by the Americas in 2017 (29.8%), an increase of 3.6% compared with 2016; the contribution to aGVA from these businesses increased by 4.4% to £130.2 billion in 2017.
- Within the UK, the largest proportion of foreign-owned businesses were located in England; these contributed 87.4% to total aGVA.

2 . Things you need to know about this release

This release provides estimates of the number of foreign-owned businesses, turnover, and approximate [gross value added](#) (aGVA) for 2017. Revised estimates for 2016 are also published within this release.

The estimates contained in this release are taken from the [Annual Business Survey \(ABS\)](#), which measures 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 the non-financial services excludes financial and insurance services, public administration and defence, public provision of education and health, and all medical and dental practice activities. Parts of agriculture excludes crop and animal production.

Regional ABS estimates in this bulletin are produced in accordance with the [Nomenclature of Units for Territorial Statistics \(NUTS\) NUTS classification](#). This provides a single uniform breakdown for the production of regional statistics. Regional estimates in this release are produced at NUTS1 local site level for Wales, Scotland, Northern Ireland and the nine English regions.

Regional ABS estimates are produced by apportioning the survey return from each reporting unit to its individual local sites and then summing them to the regional level. Regional data will not necessarily match the UK level when aggregating the data from the regions. More information can be found under regional apportionment in [Section 5.8.2 of the ABS Technical Report](#).

These estimates are subject to revisions. The previous estimate for [2016](#) for aGVA for foreign-owned businesses was £324.3 billion. This has been revised to £315.1 billion, which is a downward revision of £9.2 billion.

3 . The majority of foreign-owned businesses operated within the services sector in 2017

Estimates show that the number of foreign-owned businesses based in the UK rose from 24,346 in 2016 to 26,077 in 2017. In 2017, the approximate [gross value added](#) (aGVA) generated by UK-owned businesses in the UK non-financial economy was £894.6 billion.

Even though foreign-owned businesses only made up 1.1% of the total number of businesses in the UK in 2017, they contributed £331.3 billion to aGVA. This was approximately 27.0% of the UK's total aGVA and was an increase of £16.2 billion compared with 2016.

For both UK and foreign-owned businesses, the services sector generated the largest amount of aGVA at £694.7 billion; this accounted for over half (56.7%) of the UK's total aGVA. This sector accounted for 59.7% of aGVA for UK-owned businesses and 48.5% of aGVA for foreign-owned businesses, £534.1 billion and £160.6 billion respectively.

The majority (52.6%) of foreign-owned businesses operated within the services sector in 2017; this is an increase of 1.1% compared with 2016. Within this sector, 4,178 foreign-owned businesses operated within professional, scientific and technical activities accounting for 16.0% of all UK-based foreign-owned businesses in 2017.

Just under a quarter of foreign-owned businesses operated within the distribution sector, and 17.1% within production and agriculture in 2017; this is generally unchanged from 2016. Only around 5% of UK foreign-owned businesses operated within the construction sector in 2017 (1,465 businesses), which is a slight increase compared with 2016.

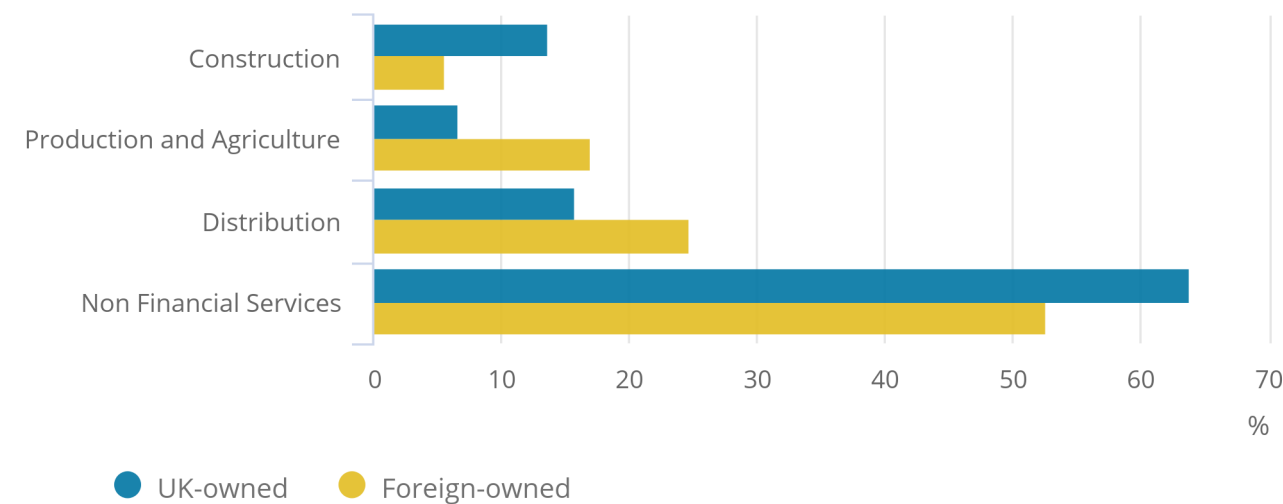
Figure 1 shows the industrial differences between UK and foreign-owned businesses in 2017. UK-owned businesses had a larger proportion within the services sector compared with foreign-owned businesses (63.9% and 52.6% respectively). Similarly, UK-owned businesses had a larger proportion operating within the construction sector than foreign-owned businesses, 13.7% compared with 5.6%. There was a different pattern within the production and distribution sectors, with businesses that are foreign-owned having the largest proportion of ownership.

Figure 1: The majority of UK and foreign-owned businesses operated within the services sector in 2017

Percentage of UK and foreign-owned businesses by sector, as a proportion of their ownership type, 2017

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Percentage of UK and foreign-owned businesses by sector, as a proportion of their ownership type, 2017



Source: Office for National Statistics - Annual Business Survey

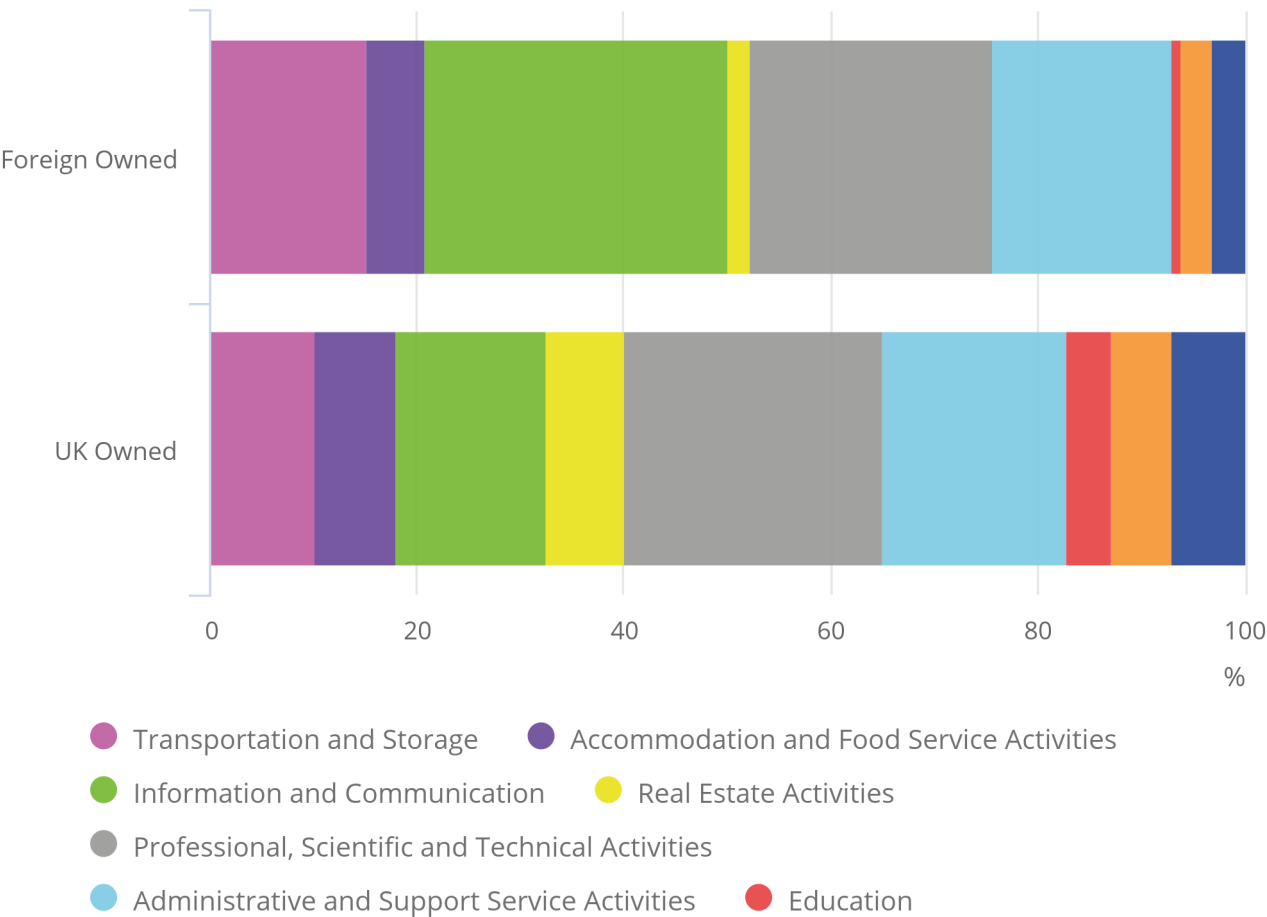
Figure 2 shows the proportion of aGVA for both UK and foreign-owned businesses by each section of the services sector. UK-owned businesses in the professional, scientific and technical activities section had the largest share of aGVA, at 24.8%. For foreign-owned businesses, the largest contributing sector to aGVA was information and communication, with a share of 29.4%.

Figure 2: Information and communication provided the largest contribution to foreign-owned aGVA in the services sector

aGVA by section in the services sector as a proportion of their ownership type, UK, 2017

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aGVA by section in the services sector as a proportion of their ownership type, UK, 2017



Source: Office for National Statistics - Annual Business Survey

4 . What do the other sectors show?

Within the production and agriculture sector, foreign-owned businesses contributed £102.8 billion (31.0%) in approximate gross value added (aGVA) in 2017; this was an increase of £4.5 billion compared with 2016. UK-owned businesses in this sector contributed £130.6 billion in aGVA (14.6%), which was also an increase from 2016 of £7.1 billion.

Manufacturing had the largest contribution to aGVA within the production and agriculture sector for both UK and foreign-owned businesses, with £92.8 billion and £75.4 billion respectively in 2017. The manufacturing sector in UK-owned businesses increased aGVA by £2.8 billion compared with 2016, whilst foreign-owned businesses increased aGVA by £3.2 billion over the same period.

Foreign-owned businesses in the construction sector showed the smallest contribution to aGVA at £8.6 billion (2.6%), however, for UK-owned businesses, aGVA generated in this sector was £92.9 billion (10.4%). In the remainder of the non-financial business economy, 24.7% of foreign-owned businesses operated in the distribution sector, contributing £59.2 billion to aGVA, with UK-owned businesses generating £136.9 billion.

5 . Europe remains the continent with the most foreign-owned businesses in the UK

In 2017, estimates show the majority of foreign-owned businesses are owned by Europe; these businesses made the largest contribution to approximate gross value added (aGVA), generating £149.0 billion (45.0%). The number of European-owned businesses increased by 1,106 since 2016, whilst the contribution to aGVA increased by £3.1 billion.

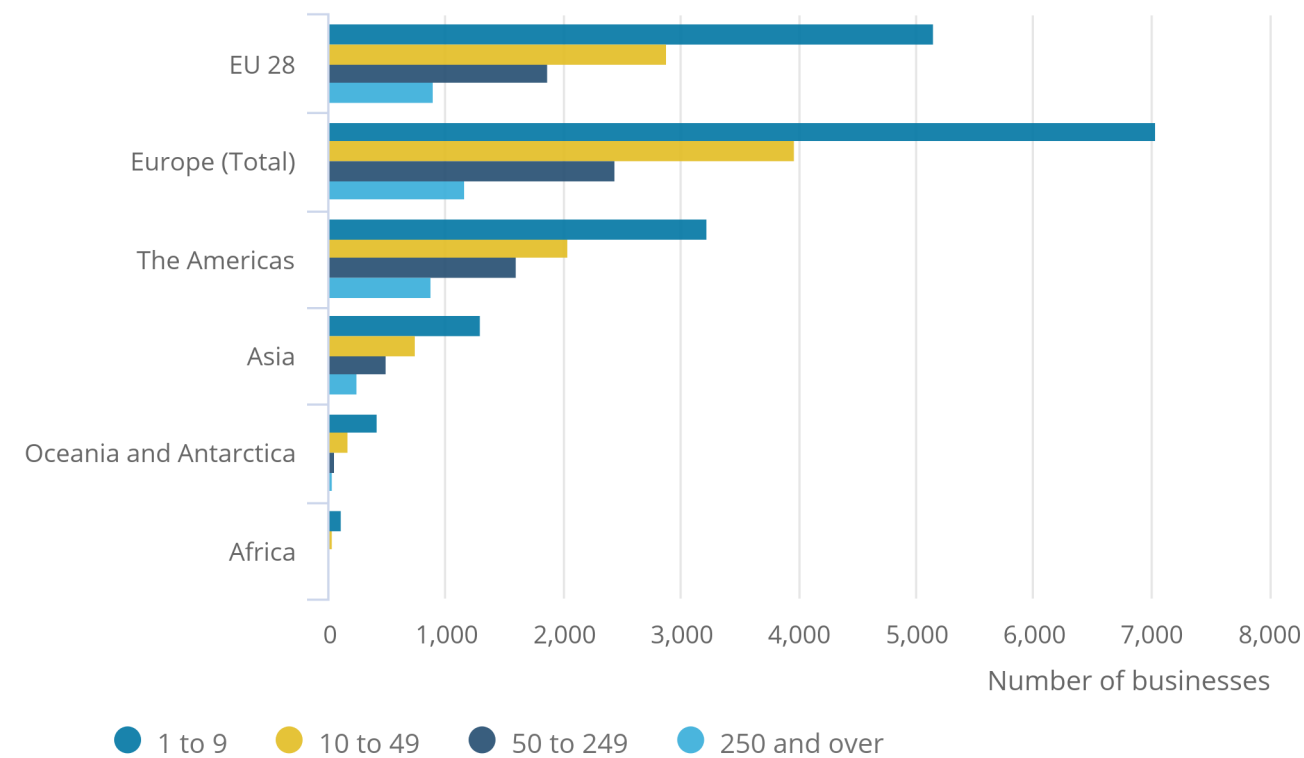
Figure 3 shows just under half (48.1%) of these European-owned businesses operating in the UK non-financial economy were classed as micro-sized businesses (those with one to nine employees). Across all foreign-owned businesses, 46.4% of businesses are in the smallest size band (one to nine employees) compared with only 9.0% in the highest size band (250 employees and over).

Figure 3: In 2017, Europe was the continent with the most foreign-owned businesses in the UK

Foreign-owned businesses split by employment size band and continent of ownership, 2017

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Foreign-owned businesses split by employment size band and continent of ownership, 2017



Source: Office for National Statistics - Annual Business Survey

In 2017, of all foreign-owned businesses, 29.8% (7,770) were owned by the Americas, generating £130.2 billion in aGVA. From 2016, the number of American-owned businesses increased by 272 with an increase in aGVA of £5.5 billion. In 2017, the Americas had 3,034 fewer businesses than the total of the EU28 countries, but contributed £14.1 billion more in aGVA.

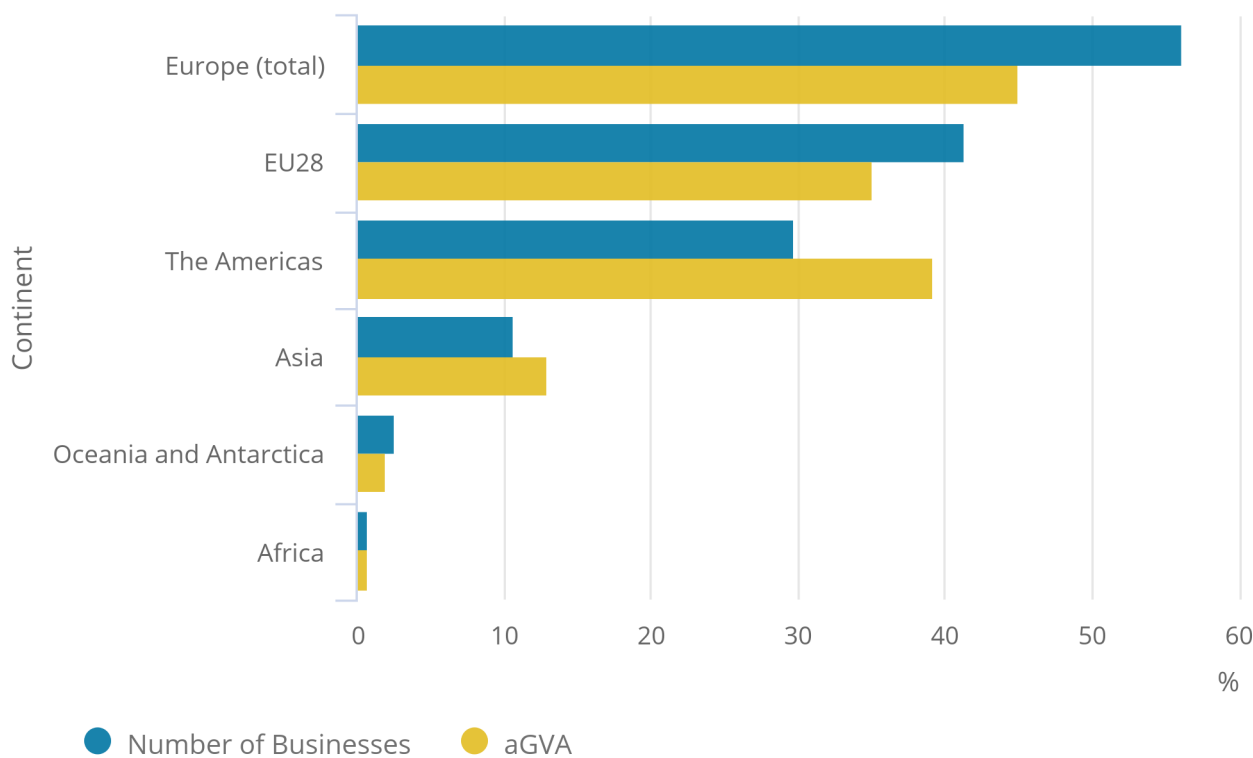
Figure 4 shows the number of foreign-owned businesses and aGVA generated by each continent including the total of the EU28 countries as a proportion of total foreign-owned businesses. The numbers of businesses owned by Europe as a proportion are greater than their percentage contribution to aGVA, while the Americas show a larger percentage contribution to aGVA with a smaller percentage of businesses.

Figure 4: UK businesses owned by the Americas contributed a greater amount to aGVA than those owned by EU28 in 2017

Number of businesses and aGVA of foreign-owned businesses by continent, as a proportion of foreign-owned, 2017

Figure 4: UK businesses owned by the Americas contributed a greater amount to aGVA than those owned by EU28 in 2017

Number of businesses and aGVA of foreign-owned businesses by continent, as a proportion of foreign-owned, 2017



Source: Office for National Statistics - Annual Business Survey

6 . Regional variations of foreign-owned businesses

Within the UK, the majority of foreign-owned businesses were located in England, with a proportion of 86.0% of the total. These generated £280.7 billion in approximate gross value added (aGVA) to the UK non-financial economy in 2017, which was an increase of £11.8 billion compared with 2016.

Scotland accounted for 8.2% of foreign-owned businesses generating £25.4 billion in aGVA in 2017. The proportion of foreign-owned businesses located in Wales and Northern Ireland was much smaller, 3.7% and 2.3% respectively.

The largest number of foreign-owned businesses was in London (21,340 businesses). These contributed approximately £86.5 billion to total aGVA in 2017, which was an increase of £2.2 billion compared with 2016. The number of foreign-owned businesses located in London increased by 870 over the same period.

Figure 5 shows the number and aGVA contribution as a proportion of the foreign-owned business totals. London has the largest number of foreign-owned businesses in the UK and the highest contribution to aGVA in 2017. London, the South East and the West Midlands have a percentage of aGVA contribution higher than their overall percentage of businesses, whereas the remaining nine regions show the opposite trend with a greater percentage of businesses compared with the aGVA they generate.

Figure 5: Most foreign-owned businesses were located in London and contributed 27.0% to foreign-owned aGVA in 2017

Number of businesses and aGVA contribution by region as a proportion of foreign-owned, 2017

Figure 5: Most foreign-owned businesses were located in London and contributed 27.0% to foreign-owned aGVA in 2017

Number of businesses and aGVA contribution by region as a proportion of foreign-owned, 2017



Source: Office for National Statistics - Annual Business Survey

7 . Links to related statistics

This publication was produced from an extract of the Annual Business Survey (ABS) dataset, with the main publication being the [Annual Business Survey: UK and regional non-financial business economy, 2017 revised results](#). This release provides estimates of the size and growth of the UK non-financial business economy for 2017.

8 . Quality and methodology

The [Annual Business Survey \(ABS\) Quality and Methodology Information report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

You will also find detailed information on the methods used in the calculation of the ABS in the [ABS Technical Report](#) published on the [ABS methodology page](#).