

Foreign affiliate statistics, improving our inward methods, UK: July 2026

Improvements to our foreign affiliate statistics methodology, allowing for better coverage of foreign-controlled businesses in the UK.

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1 . Overview

Inward foreign affiliate statistics (IFATS) are measures of the activity of foreign-controlled businesses in the domestic country. Our statistics estimate the employment, turnover, cost of employees, and number of affiliates hosted in the UK and ultimately controlled from overseas.

This supporting methodology article explains the new method that we have developed to replace our previous one. Data produced using the new method covers years from 2020 to 2024. Before 2020, we needed to combine information from different internal surveys — mainly the Annual Business Survey and the Business Register and Employment Survey — to estimate IFATS. Both surveys are designed for UK statistics and not necessarily for inward foreign affiliates. From 2020, the foreign direct investment (FDI) business population was enriched using a commercial data source.

Using the same commercial data source, the methods detailed in this article allow us to capture the activities of a larger proportion of the expanded FDI population than our previous methodology. This means there is a structural break between the new method compared with the previous method for IFATS from 2020 onwards.

This article covers the main steps taken to produce IFATS using the commercial data source and discusses the differences between the latest and previous method. We have published these new estimates as official statistics in development while we seek feedback on them and continue to develop our methods.

2 . Identifying foreign-controlled businesses

Inward foreign affiliate statistics (IFATS) cover multinational enterprises only.

A multinational enterprise (MNE) is a legal entity that has at least one non-resident affiliate or branch, and exercises control over its affiliate(s) or branch(es) either directly — by having over 50% of the voting power in the entity — or by indirect transmission of control. The MNE is the ultimate controlling parent — the direct investor at the top of the control chain, as described by the International Monetary Fund's [Integrated International Investment Position and Balance of Payments Manual \(PDF, 7.1MB\)](#).

Therefore, our methods are designed to identify UK businesses that are ultimately controlled from a foreign country.

To identify foreign controlled businesses, we start with our inward foreign direct investment (FDI) population. For a business to be in the inward FDI population, it must be a UK business with a foreign shareholder that owns at least 10% of ordinary shares in the UK business. Using a commercial data source, we identify businesses from this list that have a direct foreign shareholder that owns at least 50% of their ordinary shares. These businesses are typically UK head offices or UK holding companies that control other UK-based companies. We will refer to these companies as "UK apexes".

Finding all UK affiliates

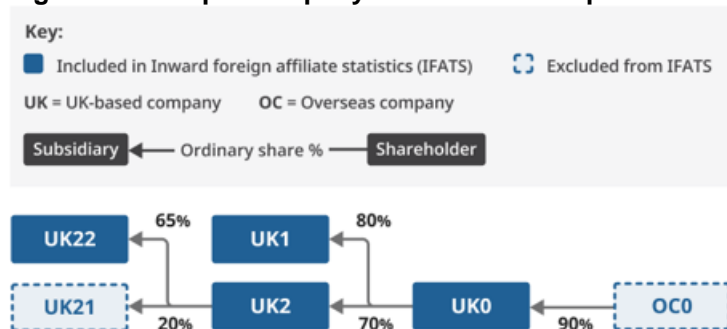
IFATS includes the statistics of all UK subsidiaries controlled through a foreign-controlled UK apex. These UK-based affiliates are identified using the commercial data source as follows:

1. Identify all direct foreign-controlled UK businesses (UK apexes).
2. Identify all direct subsidiaries controlled by the UK apexes; the subsidiaries can be based in any economy.
3. Identify directly controlled subsidiaries of each subsidiary (the direct shareholder must own at least 50% of the ordinary shares of its subsidiary to be included).
4. Repeat Step 3 until no subsidiaries can be found, including local branches.
5. Filter the identified subsidiaries to only include UK businesses.

Company structures are updated for each year that new IFATS estimates are produced.

Figure 1 shows an example company structure resulting from identifying direct subsidiaries using the commercial data source. The UK apex, labelled "UK0", is controlled from overseas by the overseas company "OC0". Foreign control of the UK company is a necessary condition for the structure to be included in UK IFATS. However, the statistics of the overseas company itself are not included, as the company is based overseas. The UK apex directly controls two UK affiliates, "UK1" and "UK2". UK2, in turn, owns shares in two further businesses: 65% of the ordinary shares of "UK22" and 20% of the ordinary shares of "UK21". The relationship between UK2 and UK21 is not a control relationship because UK2 does not own at least 50% of the ordinary shares. UK21 would therefore be excluded from IFATS. The contribution to UK IFATS from this multinational enterprise would be the sum of the employment, turnover and cost of employees of UK0, UK1, UK2, and UK22.

Figure 1: Example company structure to compile inward foreign affiliate statistics



Source: Foreign affiliate statistics from the Office for National Statistics

Comparison with previous method

Our previous IFATS publications used the number of distinct enterprises included within the Annual Business Survey (ABS) that had a foreign parent. Companies on the ABS were linked with the Business Register and Employment Survey (BRES) to provide further information on employment. The ABS and BRES are both sampled from the Inter-Departmental Business Register (IDBR), which provides comprehensive details for UK businesses.

The IDBR, and by extension ABS and BRES, is not designed to focus on foreign-owned companies in the UK and is also limited to control relationships only. Our previous IFATS method would sum the values for turnover, employment and value added from the combined ABS and BRES.

The FDI population was expanded in 2020 to include businesses identified through a commercial data source. After this expansion, the historic method of calculating IFATS did not align well with the set of known foreign-owned businesses. Businesses that were added to the population were not represented using the old method. More detail on these changes and how the inward and outward FDI populations were enhanced is available in our [Foreign direct investment statistics, overview of methods changes: 2020](#).

The new methods presented in this article produce higher estimates of IFATS than the previous method, particularly in terms of the number of affiliates. The higher number of affiliates is the result of both better coverage of foreign-controlled businesses and the identification of more local branches as individual affiliates. Comparison of these results is available in our [Foreign affiliate statistics, UK: 2024 bulletin](#).

Bank of England data for international foreign affiliate statistics

The ABS does not cover all industries in the UK. One of those industries is financial services. For the previous method of producing IFATS, we received data from the Bank of England for some of this activity. These have not been included in the results published on 10 July 2026 in our bulletin.

We will work with the Bank of England to clarify what data we need for IFATS, considering the new methodology, so they can be added in the future.

3 . International foreign affiliate statistics variables and data sources

Using the methods detailed in this supporting methodology article, we are able to produce international foreign affiliate statistics (IFATS) for employment, turnover, cost of employees, and number of affiliates. For employment, we combine different available data sources to maximise business coverage; for the other variables, we only use the commercial data source.

Table 1 details the data sources for each variable and which data source is preferred. If a variable is not available for a specific business from the preferred data source, then it will be filled from the secondary data source. Businesses are matched across the two data sources using their company registration numbers. If we are unable to find a value in either data source, the variable will be left unfilled for that business.

Further improvement could be made by estimating the activity of businesses with missing values and we will aim to implement that improvement in future publications.

Table 1: Data sources for each inward foreign affiliate statistics variable

Variable	Primary data source	Secondary data source	% affiliates with a value, 2024
Employment	IDBR (PAYE data)	Commercial data source	65.4
Turnover	Commercial data source	None	47.5
Cost of employees	Commercial data source	None	40.1

Source: Foreign affiliate statistics from the Office for National Statistics

Avoiding double counting from consolidated accounts

The dataset we receive from our commercial data supplier contains a marker indicating if a company's financial and employment values are consolidated. Consolidated accounts are treated in two different ways depending on the makeup of the company structure.

Treatment of UK-only consolidated accounts

Where a company's accounts are marked as consolidated, and all its subsidiaries are UK companies, we assume that the financial and employment values of every subsidiary in the group are included in the accounts of the parent company. To avoid double counting we set the financial variables of all subsidiaries to zero, under the assumption they are included in the consolidated accounts.

Treatment of consolidated accounts that include foreign affiliates

If a company's accounts are marked as consolidated and the company controls any overseas affiliates, the financial variables of the company providing consolidated accounts are set to zero. Only the accounts and employment of its UK subsidiaries are included in totals.

In some cases, the company providing consolidated accounts will be a head office. Therefore, setting the accounts of these apex companies to zero produces an underestimate of the activities of head offices. However, we have found that underrepresentation of head offices has a much smaller impact on results than incorrect inclusion of overseas employment or turnover in our statistics, which can be very large.

4 . Breaking down international foreign affiliate statistics by country

International foreign affiliate statistics (IFATS) published using the methods described in this article are broken down both by country and industry. Industry breakdowns are based on the main industry of each affiliate. Those by country are broken down using the economy of the ultimate controlling parent company. This means that the nationality of the company at the very top of a company structure is the country used in our statistics. The company at the top of the global company structure is known as the global ultimate owner (GUO).

As with the rest of the shareholder and subsidiary relationships used in IFATS, we use the same commercial data source to identify the GUO of each IFATS business. The process for identifying the GUO is very similar to that of building foreign-controlled UK business structures in the [Finding all UK affiliates subsection of Section 2](#). This process is as follows:

1. For each UK apex business (the business at the top of the UK business structure), we identify direct foreign shareholders that own at least 50% of the ordinary shares of the UK apex.
2. For each shareholder, we identify shareholders that directly own at least 50% of the ordinary shares of the shareholder.
3. Repeat Step 2 up the chain of control until no shareholders can be found.
4. Following this process, businesses that have a UK GUO are excluded from these statistics.

Shared ownership

In some cases, two businesses can each own 50% of the ordinary shares of the same subsidiary. When this happens, it is not obvious which business controls the subsidiary. Where possible, a controlling shareholder is chosen using shareholder information from our Foreign Direct Investment (FDI) Survey. Where there is no information available from the FDI Survey, the controlling shareholder is chosen at random.

Controlling shareholder decisions are applied to all years where the choice for a controlling shareholder is between the same two companies.

Unknown global ultimate owner country

For businesses where the country of the identified GUO is unknown, information from the FDI Survey is used. In these cases, the country that held the largest value of stock in the company according to the survey is assigned as the GUO country.

5 . Differences between international foreign affiliate statistics and foreign direct investment

International foreign affiliate statistics (IFATS) and foreign direct investment (FDI) are related, in that they both involve businesses with foreign shareholders. However, each is defined differently and includes different values.

FDI focuses on the underlying investment and cross-border financial relationships of resident companies with the rest of the world. IFATS compliments this view of multinational activity by capturing the economic activities of foreign-controlled affiliates. For example, IFATS includes the employment and turnover of foreign-controlled affiliates, whereas FDI includes the value of an investment held by a foreign company in the UK.

An inward FDI company must have a direct shareholding link with a foreign company that is greater than 10% of the ordinary shares of the UK subsidiary company. Affiliates in IFATS are any UK company that is ultimately controlled from overseas. This means there is a chain of companies that each own 50% of the ordinary shares of their subsidiary.

FDI statistics by partner economy are traditionally presented on an immediate-partner basis. This means that partner-country relationships can be affected by business structures if UK direct investment is controlled through other economies before arriving in the UK (inward) or the final host economy (outward). It is also possible for a foreign direct investment company to appear in our inward and outward FDI populations in cases where the UK company is in the middle of a complex global enterprise. Conversely IFATS is presented based on the economy at the top of the enterprise structure globally. This means affiliates included in IFATS cannot also be included in outward foreign affiliate statistics, even if they control overseas companies — they are either ultimately controlled from the UK or overseas, but never both.

6 . Planned improvements

We will continue to develop our methods to bring them closer in line with international guidance.

Additionally, through detailed comparison between the results of the two methods of producing IFATS, we have been able to identify further improvements to our methodology that will be incorporated into our plans for future work.

7 . Definitions

Affiliate

An entity that has an investment relationship with another company in a different economy. This relationship can be direct control or through the indirect transmission of control along the ownership structure.

Consolidated accounts

Company accounts submitted by a controlling parent that combine the financial information of all subsidiaries controlled by the parent, presented as a single economic entity.

Control relationship

Where one company or individual owns at least 50% of the ordinary shares of another company.

Global ultimate owner

The company or legal entity at the top of a company structure that has no controlling shareholder above it.

Multinational enterprise

A multinational enterprise is a legal entity that has at least one non-resident affiliate or branch, and exercises control over its affiliate(s) or branch(es) either directly — by having over 50% of the voting power in the entity — or by indirect transmission of control, as described by the International Monetary Fund's [Integrated International Investment Position and Balance of Payments Manual \(PDF, 7.1MB\)](#) and the Organisation for Economic Co-operation and Development's (OECD's) [Benchmark Definition of Foreign Direct Investment](#).

Ultimate controlling economy

The economy in which the global ultimate owner is resident.

8 . Data on inward foreign affiliates statistics and foreign direct investment

[Foreign affiliate statistics, UK: inward](#)

Dataset | Released 10 July 2026

Inward foreign affiliate statistics (IFATS), including information on the characteristics of UK businesses that are foreign controlled, showing the number of enterprises, turnover, employment, and cost of employees. These are official statistics in development.

[Inward foreign affiliate statistics using the previous method, 2018 to 2023](#)

Dataset | Released 6 July 2026

These inward foreign affiliates (IFATS) statistics include information on the characteristics of UK businesses that are foreign-owned. We cover the number of enterprises, turnover, employment, and value added.

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

Dataset | Released 27 January 2026

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

9 . Related links

[Foreign affiliate statistics, UK: 2024](#)

Bulletin | Released 10 July 2026

Foreign affiliate statistics for multinational enterprises in the UK, covering the number of affiliates, turnover, employment, and cost of employees. These are official statistics in development.

[Foreign direct investment involving UK companies: 2024](#)

Bulletin | Released 27 January 2026

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

10 . Cite this page

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