

Article

Annual Business Survey: UK non-financial business economy foreign owned business, 2014 and 2015

Details of the number and proportion of foreign-owned enterprises in the UK, 2014 to 2015

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1 . Main points

- In 2015, there were just over 2 million registered businesses in the UK non-financial business economy; of these, 1.1% (24,145) were owned by businesses outside of the UK, that is, were foreign-owned.
- Despite this small proportion (1.1%) of businesses being foreign-owned, they contributed £333.7 billion in approximate gross value added (aGVA) to the UK non-financial business economy in 2015; this was a contribution of 28.6% to total aGVA in the UK.
- Of these foreign-owned businesses, the majority were owned in Europe with over 13,000 businesses; the largest proportion were within the wholesale and retail trade industry, which accounted for nearly a third of all European-owned businesses.
- Just over 7,500 businesses were owned within the Americas; these businesses provided the largest contribution to the increase in aGVA generated by foreign-owned businesses and again the largest proportion of these businesses were in the wholesale and retail trade industry.
- In 2015, aGVA for foreign-owned businesses increased by 6.3% compared with 2014; in comparison, aGVA for UK-owned businesses increased by 6.8% over the year.

2 . Things you need to know about this release

The estimates contained in this release are taken from the [Annual Business Survey](#) (ABS). The data show how many businesses are UK or foreign-owned by industry and employment size. Information is provided for business counts, turnover and approximate gross value added at basic prices (aGVA).

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

- Agriculture (support activities SIC 01.6 only), forestry and fishing – Section A
- Production industries – Sections B to E
- Construction industries – Section F
- Distribution industries – Section G
- Service industries – Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S

For presentation purposes, this article does contain rounded data. Unrounded data is provided in the accompanying datasets.

3 . Largest increase in aGVA comes from the Americas

Despite only 1.1% of businesses in the UK being foreign-owned they contributed an approximate gross value added (aGVA) of 28.6% (£333.7 billion) to the UK non-financial business economy in 2015. The highest continental contributors to aGVA were Europe with 49.7% and the Americas with 36.7% of foreign-owned aGVA.

More than half (55.4%) of foreign-owned businesses in the UK were European-owned in 2015; compared with 2014 the number of European-owned businesses increased by a total of 557. Although the number of businesses owned by the Americas increased by only 91 between 2014 and 2015, these businesses contributed the most (£7.8 billion) to the increase in aGVA generated by all foreign-owned businesses; accounting for 39.1% of the increase in foreign-owned aGVA over the period.

Looking at individual countries, the United States of America had the largest share (22.3%) of foreign-owned businesses in the UK non-financial business economy, with 5,378 businesses. The USA also provided the highest contribution to aGVA at £100 billion.

Of the distribution of foreign-owned businesses, USA contributions of aGVA were over 3 times that of the second largest contributing country, Germany, which contributed an aGVA of £31.2 billion. This is proportional to the ratio of business counts between the countries, as the USA owns nearly 3 times more businesses in the UK than Germany. As a whole, European-owned businesses contributed £165.8 billion towards aGVA, which is a 3.6% increase compared with 2014.

4 . Growth in the production and agriculture industry

In 2015, foreign-owned businesses across the UK production and agriculture industry contributed near similar levels of approximate gross value added (aGVA) as their UK-owned competitors, despite representing only 2.8% of all registered businesses in this industry (4,384 businesses compared with over 152,000 UK-owned). In particular, this was largely due to the vast difference in value added by foreign-owned businesses in the mining and quarrying industries.

Figure 1 shows the proportions of aGVA generated by the industry groupings for both UK-owned and foreign-owned businesses.

Figure 1: Proportion of aGVA by industry grouping

2015

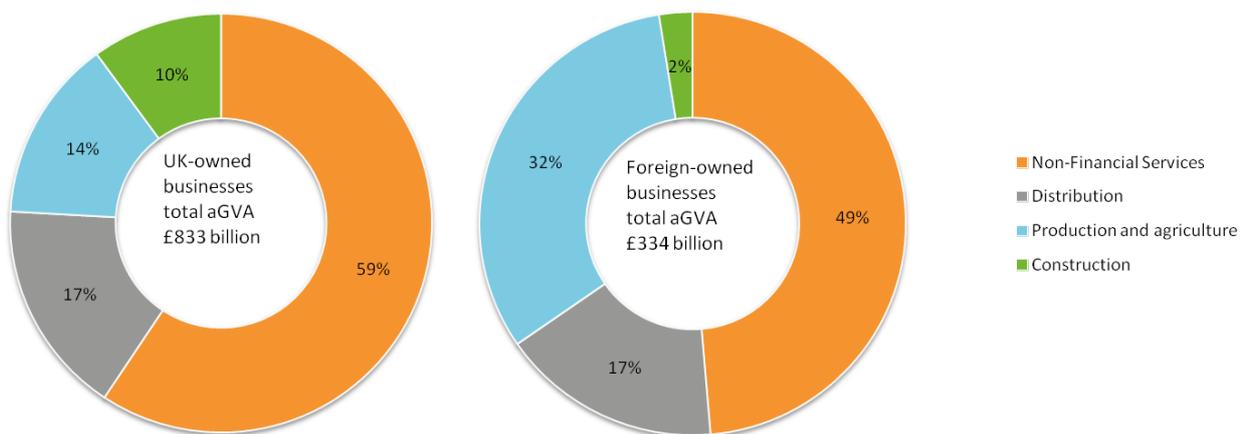
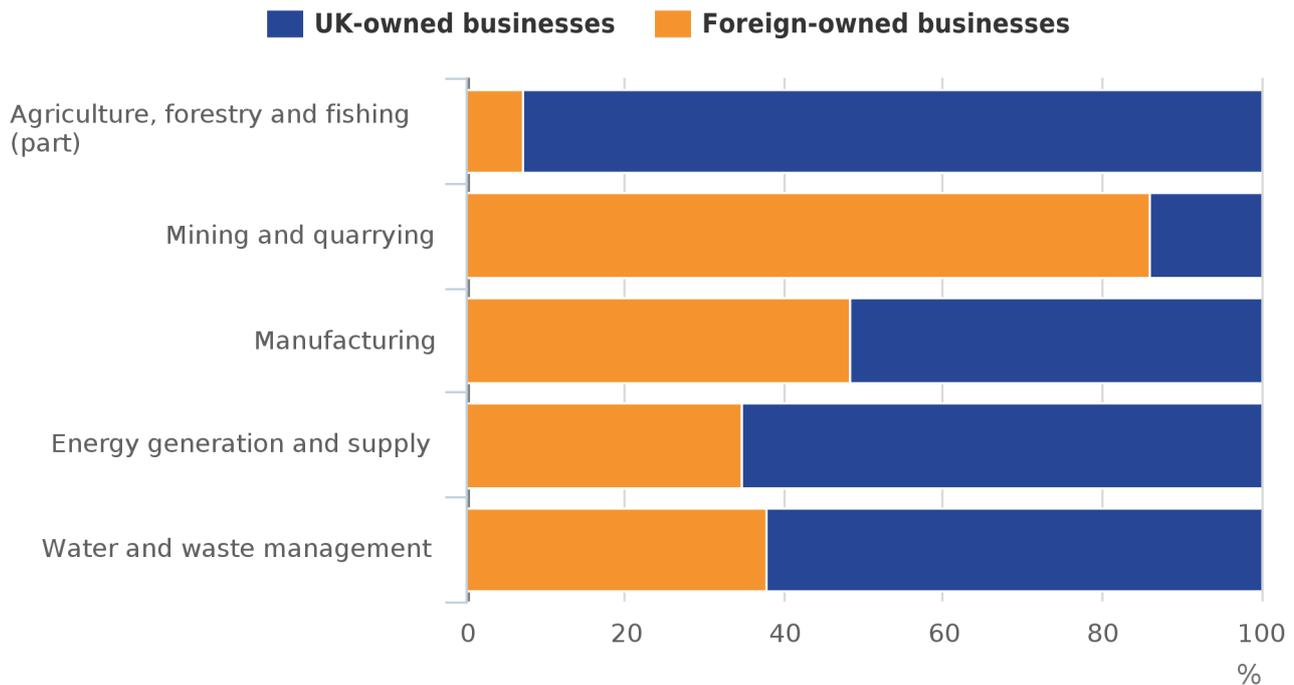


Figure 2 shows that aGVA contributions from foreign-owned businesses in the mining and quarrying, and manufacturing industries, were responsible for narrowing the overall gap between UK and foreign-owned businesses across the production and agricultural industries.

Figure 2: Proportion of aGVA by industries of production and agriculture

2015



Source: Office for National Statistics

5 . Foreign-owned businesses were more likely to be large (with employment of 250 and over) compared with UK-owned businesses

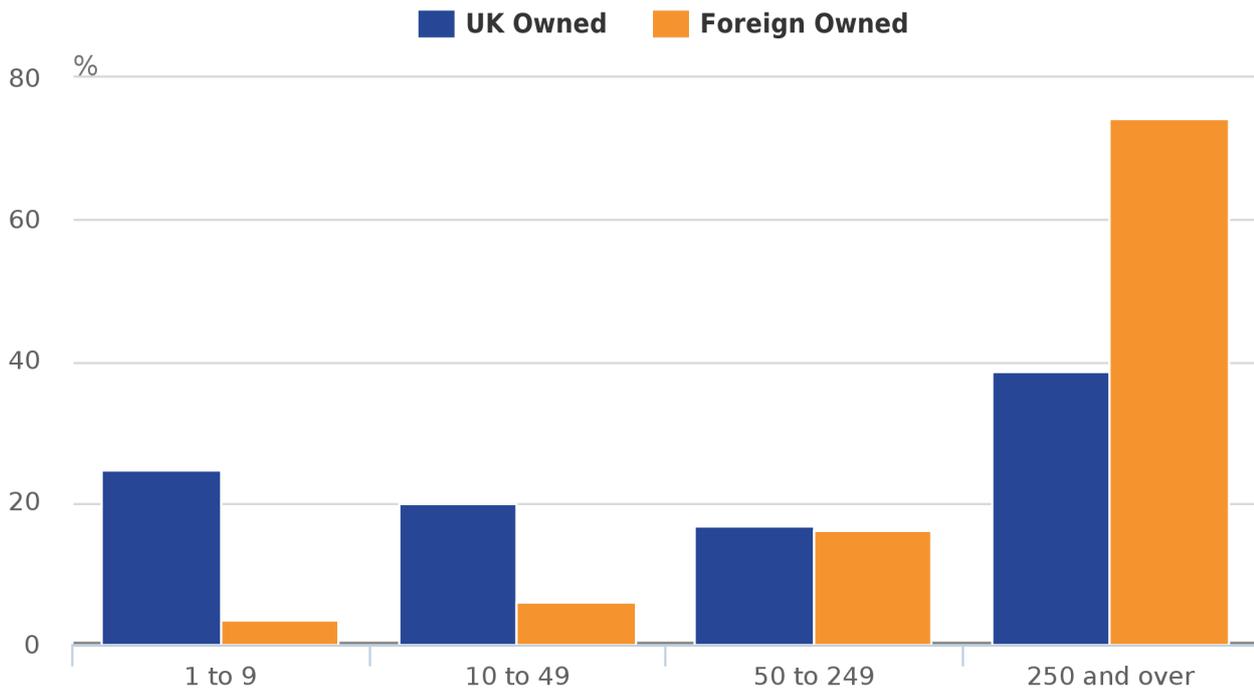
Foreign-owned businesses were less likely to be attributed to micro-sized ones (employment of 10 or less) than UK-owned businesses. Looking at the distribution of UK-owned businesses, nearly 2 million (1,941,000 or 88.0% of the non-financial business economy) were classed as micro-sized businesses, however, they accounted for a quarter of UK-owned businesses approximate gross value added (aGVA); contributing nearly £206 billion in 2015. In contrast, 10,700 (or 44.2%) foreign-owned businesses were micro-sized businesses, yet, they accounted for only 3.5% of foreign-owned businesses aGVA.

While foreign-owned businesses were half as likely (than UK-owned businesses) to be micro-sized, a significantly larger proportion of foreign-owned businesses were categorised as large businesses (with employment of 250 and over). In 2015, of all foreign-owned businesses 9.5% were considered to be large businesses (with a contribution of 74.4% to foreign-owned businesses' aGVA). This compared with only 0.3% of UK-owned businesses being categorised as large; these large UK-owned businesses contributed 38.6% to UK-owned businesses' aGVA.

Figure 3 shows aGVA distribution rates across different employment bands. For UK-owned businesses it resembles roughly a uniform distribution, whereas for foreign-owned there is a distinct positive linear relationship between the two.

Figure 3: aGVA distribution rates across employment bands for UK and foreign-owned businesses

2015



Source: Office for National Statistics

6 . 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 non-financial business economy, 2015 provisional results](#). This release provides estimates of the size and growth of the UK non-financial business economy for 2015.

Annual Business Survey (ABS) data were also published in our [Annual Business Survey: Great Britain non-financial business economy exporters and importers, 2015 provisional results](#) release.

7 . Quality and methodology

1. What has changed in this publication?

The last article about foreign-owned business, [Business Ownership in the UK, 2013](#), was published in July 2015. This article, and the accompanying tables, represents a new, enhanced foreign-owned businesses article.

This release covers the ABS 2014 revised and 2015 provisional datasets. It is our intention to publish a complete backseries (2008 to 2015) in July 2017, with further updates in July each year.

For the July edition, which coincides with the [Annual Business Survey \(ABS\): UK non-financial business economy regional results](#), we will also be publishing regional tables.

Please do not hesitate to contact us (via melanie.richards@ons.gsi.gov.uk) if you would like to make any suggestion of further enhancements to this article.

2. Links to our quality information

The [Annual Business Survey QMI](#) Quality and Methodology Information document contains important information on:

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