

## Article

# Foreign direct investment, overview of new survey questions, UK: March 2022

A summary of the information that we have received from new questions on foreign direct investment (FDI) for 2020. This includes survey results by UK country and region, and on the type and funding of FDI such as new investments, extensions of capacity, and acquisitions or disposals.

Contact:  
Andrew Jowett  
fdi@ons.gov.uk  
+44 1633 455357

Release date:  
21 March 2022

Next release:  
To be announced

## Table of contents

1. [Overview of new foreign direct investment \(FDI\) survey questions](#)
2. [Developing foreign direct investment \(FDI\) statistics](#)
3. [Survey responses](#)
4. [New survey sub-national responses relative to the foreign direct investment \(FDI\) population](#)
5. [Indicative results by UK country and region](#)
6. [Future developments](#)
7. [Related links](#)

# 1 . Overview of new foreign direct investment (FDI) survey questions

- We have added new questions to our inward and outward Foreign Direct Investment (FDI) Surveys as part of our [development of FDI statistics](#); this article reviews early results from companies responding to questions on FDI by UK country and region, and by type or source of funding for transactions in 2020.
- Around half of companies responding allocated all of their unquoted equity (company shares that are not traded on any stock market) to a single region for the new sub-national FDI questions for both inward and outward FDI relationships; there were around 45% of respondents that either did not answer the question or told us that they could not allocate their values.
- Responses for FDI by type of investment, such as new investment or extensions of capacity, were much lower with more than 99% of respondents not answering the question for acquisitions in either direction.
- Indicative results suggest that the companies reporting FDI unquoted equity by UK country and region were equivalent to just over 30% of the UK total position in either direction; around one-quarter of the total inward or outward position was from companies that could not answer the question.
- Company internal reporting systems not having sufficient detail was a common reason why respondents could not answer the sub-national questions.
- Weighting total FDI positions and earnings by unquoted equity or profits across respondents providing sub-national results suggests that a large majority (over 65%) of this activity was in London; the proportion for London was higher than in [our data-linked experimental statistics](#), and there were some big differences in the value order for other UK countries and regions.
- Returns from financial services companies accounted for a high proportion of respondents' indicative total inward FDI positions, whereas mining and quarrying and manufacturing respondents accounted for much lower proportions of their respective totals.
- In parallel with continued survey collection, we are working to improve our accompanying guidance to support companies in responding; we are also looking at further analysis options, which include comparing single-site company responses with our experimental microdata to identify cases where multi-site companies have been reported in a single region on the survey.

## 2 . Developing foreign direct investment (FDI) statistics

We have been [developing our foreign direct investment \(FDI\) statistics](#) to improve the quality of FDI statistics in line with the emerging needs of our users. This includes providing timelier, more granular FDI statistics.

We have procured a [commercial data source to enhance the FDI populations](#) in addition to adding new questions to the annual and quarterly FDI surveys. This article reviews the type of information collected from the new questions asking companies to report the sub-national location of a component for their stock of FDI (position) and profits (earnings).

It also covers the type and funding of FDI activity. The type of activity was split into four categories, further split by acquisitions and disposals:

- new direct investments (greenfield)
- extensions of capacity
- acquisitions and disposals
- other

This information was collected for 2020 covering both UK-resident companies with foreign parent companies (inward), and UK-resident companies that control affiliates outside the UK (outward).

### 3 . Survey responses

The response rates for our annual Foreign Direct Investment (FDI) Survey have been affected by the coronavirus (COVID-19) pandemic. The rates for the survey sent in 2021 collecting information for 2020 were 42% for outward and 48% for inward. This was higher than the 38% and 44% respectively on the 2020 survey for 2019 results. However, both years were notably lower compared with the 2019 survey for 2018 results: 66% for outward and 74% for inward.

We can contact surveyed companies to request this information when they do not provide it. This is prioritised by company size, where relatively few companies can account for a [disproportionately large amount of FDI totals](#). Exploring data returns with these companies therefore provides more information for our statistics.

## FDI by UK country and region

The new FDI questions collecting data by UK country and region had mixed results during feasibility testing. In some cases, companies reported that they could answer the questions, with others unable to answer. Single-site companies were more likely to say they could answer the questions than those larger FDI companies with more complex structures. As the results of the feasibility study were inconclusive, sub-national FDI questions for unquoted equity (company shares not traded on any stock market) and profits were added to the FDI surveys for further testing. There was also the option for respondents to say why they could not provide the information.

Around half of companies completing the sub-national unquoted equity questions in the annual FDI Survey for 2020 allocated all their value to one region. There were around 45% of respondents that either did not answer the question or told us that they could not allocate their values to a UK country or region (Table 1). For inward FDI, the splits between those that did not and those that could not answer the question were similar, whereas for outward FDI, more companies did not answer the question than said they could not answer it. There were therefore relatively few companies in either direction reporting unquoted equity across more than one UK country or region.

Table 1: Response types for foreign direct investment (FDI) unquoted equity and profits for UK country and region questions  
2020 annual survey

### Unquoted Equity

	Inward		Outward	
	Number	Percentage total response	Number	Percentage total response
<b>Did not answer</b>	512	23.5	360	30.9
<b>Could not answer</b>	526	24.2	191	16.4
<b>One region</b>	1,069	49.1	604	51.8
<b>More than one region</b>	71	3.3	10	0.9
<b>Total</b>	2,178		1,165	

### Profits

	Inward		Outward	
	Number	Percentage total response	Number	Percentage total response
<b>Did not answer</b>	1,213	55.7	550	47.2
<b>Could not answer</b>	315	14.5	153	13.1
<b>One region</b>	604	27.7	457	39.2
<b>More than one region</b>	46	2.1	5	0.4
<b>Total</b>	2,178		1,165	

Source: Office for National Statistics - Foreign Direct Investment Survey

### Notes

1. The totals are the number of survey responses per company at the cut-off point for those data to be used in our 2020 annual FDI statistics. This does not include any sampled companies that did not respond to the survey, nor any companies that returned their survey after the cut-off date.
2. Percentages might not sum to 100 because of rounding.

There was a higher proportion of companies that did not or could not allocate their profits by UK country or region compared with responses for unquoted equity. The largest proportion was for inward FDI profits, with 70.2% of respondents not providing any information, compared with 47.7% for inward unquoted equity. For outward FDI, 60.3% provided no information on profits compared with 47.3% giving no information on unquoted equity. Furthermore, of the companies that did answer, most allocated their inward or outward FDI profits to one region, although the numbers allocating to more than one region were relatively close between FDI profits and unquoted equity.

In the text boxes to these questions, many companies reported that their internal financial systems did not recognise UK locations. Instead, they recorded results for their operations in the UK as a whole. Some responses also indicated that the questions may have been misinterpreted, and so we will review the guidance for answering these questions.

## FDI by type or source of funding

FDI by type provides information on the purpose of transactions, such as new investments or extensions of capacity. The source questions then show how all of these transactions were funded, for example from own funds or internal loans. We received very few annual survey responses in either direction (Table 2).

Table 2: Response types for UK foreign direct investment (FDI) by type and sources of funding questions  
2020 annual survey

### Inward

	Acquisitions		Disposals	
	Number	Percentage of total	Number	Percentage of total
<b>Answered source, not type</b>	2	0.1	4	0.2
<b>Answered type, not source</b>	1	0.0	1	0.0
<b>Answered neither</b>	2172	99.7	2158	99.1
<b>Answered both</b>	3	0.1	15	0.7
<b>Total</b>	2178		2178	

### Outward

	Acquisitions		Disposals	
	Number	Percentage of total	Number	Percentage of total
<b>Answered source, not type</b>	1	0.1	6	0.5
<b>Answered type, not source</b>	0	0.0	15	1.3
<b>Answered neither</b>	1162	99.7	1110	95.3
<b>Answered both</b>	2	0.2	34	2.9
<b>Total</b>	1165		1165	

Source: Office for National Statistics - Foreign Direct Investment Survey

### Notes

1. The totals are the number of survey responses per company at the cut-off point for those data to be used in our 2020 annual FDI statistics. This does not include any sampled companies that did not respond to the survey nor any companies that returned their survey after the cut-off date.
2. Percentages might not sum to 100 because of rounding.

The vast majority of respondents did not provide any information in these questions. For inward and outward acquisitions, more than 99% of respondents did not answer either part of these questions. Yet there were more companies answering for disposals compared with acquisitions in both directions.

As the amount of information collected is low it is difficult to interpret these results. We will continue to explore reasons for not answering these questions with some of the respondents to better understand their reasons and develop how we collect this information.

## **4 . New survey sub-national responses relative to the foreign direct investment (FDI) population**

The Foreign Direct Investment (FDI) Survey is the main source of information for our statistics. We apply statistical techniques to impute values for companies that do not respond to the survey and we also estimate values for companies that are not sampled. The UK FDI totals also include information from the Bank of England for monetary financial institutions (mainly banks) and other sources of information for property and public corporations.

The FDI Survey questions for UK country and region collect information for components of FDI statistics. Profits contribute to FDI earnings and unquoted equity is in FDI positions. We linked these survey responses to the respective FDI populations to frame the company values relative to the published totals. This used the latest company values in our FDI microdata for 2020, and assumed that the sub-national distribution for the other components of FDI earnings or positions was the same as those reported. The results in this section should be seen as a guide and interpreted with caution.

## FDI positions

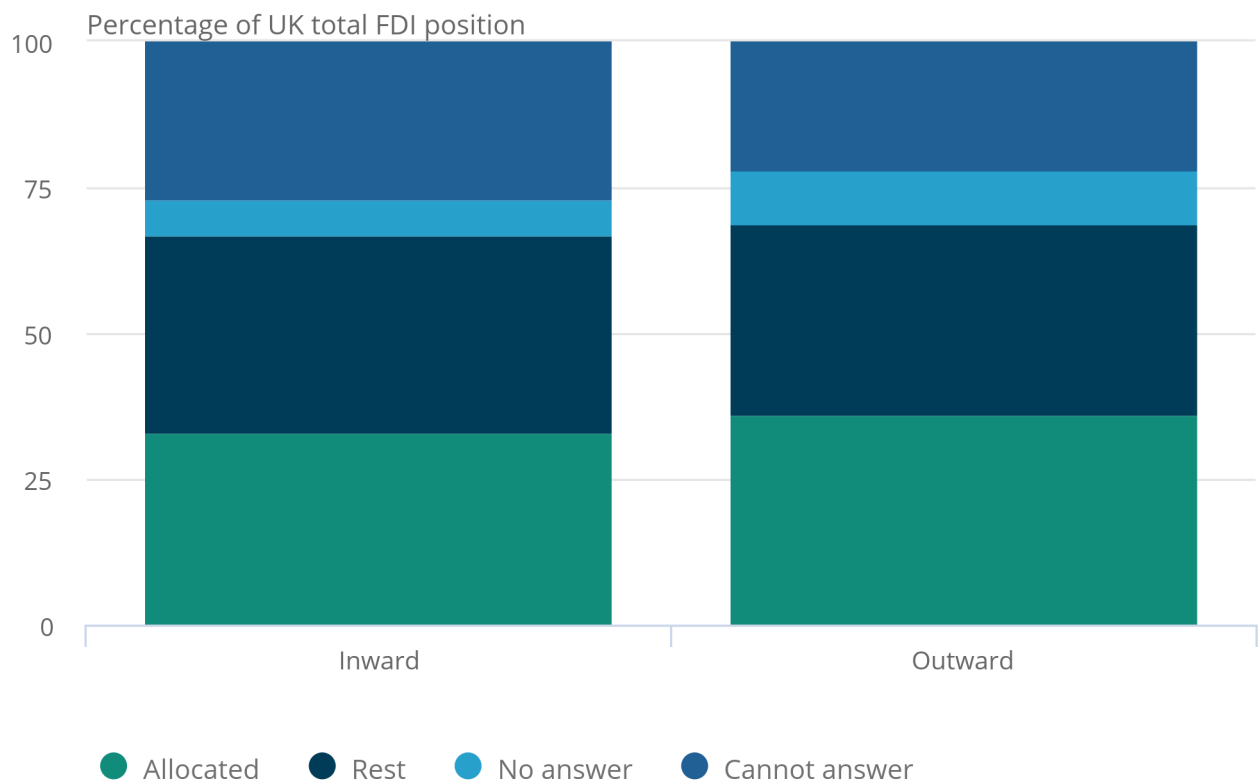
The companies providing sub-national information on the FDI Survey accounted for around one-third of the inward or outward FDI positions in 2020 (Figure 1). The proportion was probably slightly higher for outward (36%) compared with inward (33%). If we applied our statistical methods to these results, then we would be using the results of one-third of FDI values to calculate results for the other two-thirds. Of the companies providing no information by UK region or country, the greater proportion was from those that told us they could not answer the question, 22% for outward and 28% for inward. By contrast, companies not answering the question probably accounted for fewer than 10 percentage points of total FDI positions in 2020.

**Figure 1: Companies answering the new sub-national foreign direct investment (FDI) questions accounted for over 30% of UK total FDI position values in 2020 results**

Indicative UK foreign direct investment positions accounted for by survey response type, inward and outward, 2020

Figure 1: Companies answering the new sub-national foreign direct investment (FDI) questions accounted for over 30% of UK total FDI position values in 2020 results

Indicative UK foreign direct investment positions accounted for by survey response type, inward and outward, 2020



Source: Office for National Statistics - Foreign Direct Investment Survey

Notes:

1. Percentages may not sum to 100 because of rounding.
2. Rest includes FDI companies that were not sampled, plus other sources of information than the FDI Survey.
3. These results assume that all components of FDI positions are distributed sub-nationally the same as were reported for unquoted equity.



## FDI earnings

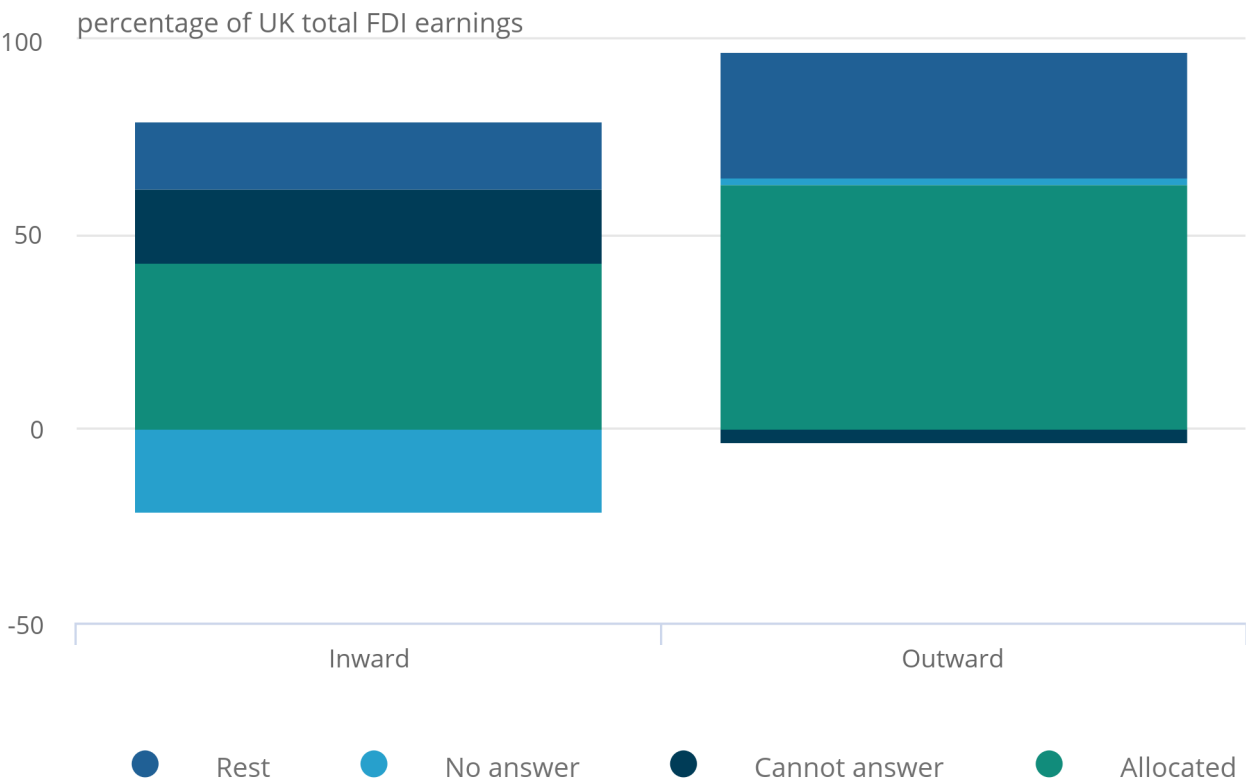
Negative values are more common in FDI earnings statistics because these are effectively negative profits (or losses) generated on the stock of investment (position). The values associated with respondents providing information by UK country and region were greater proportions in earnings than in positions (Figure 2). Responding companies accounted for 63% of outward FDI earnings in 2020, while the equivalent proportion for inward FDI companies was 43%.

**Figure 2: Companies answering the new sub-national foreign direct investments (FDI) questions accounted for high proportions of UK total FDI earnings values in 2020 results**

Indicative UK foreign direct investment earnings accounted for by survey response type, inward and outward, 2020

Figure 2: Companies answering the new sub-national foreign direct investments (FDI) questions accounted for high proportions of UK total FDI earnings values in 2020 results

Indicative UK foreign direct investment earnings accounted for by survey response type, inward and outward, 2020



Source: Office for National Statistics - Foreign Direct Investment Survey

**Notes:**

1. Percentages may not sum to 100 because of rounding and negative values.
2. Rest includes FDI companies that were not sampled, plus other sources of information than the FDI Survey.
3. These results assume that all components of FDI earnings are distributed sub-nationally the same as were reported for profits.

## 5 . Indicative results by UK country and region

Looking at the reported information by UK country and region for foreign direct investment (FDI) companies, it is possible to use those results to weight the total FDI positions and earnings from unquoted equity and profits, respectively. These are indicative results and further work is needed to understand the responses, and to assess collecting these results using the FDI Survey compared with other methods. We strongly advise against relying on these results for analysis or decision making. The percentages give an indication of where in the UK respondents allocated their reported values. We welcome any feedback on these results as we continue to review them.

## FDI positions

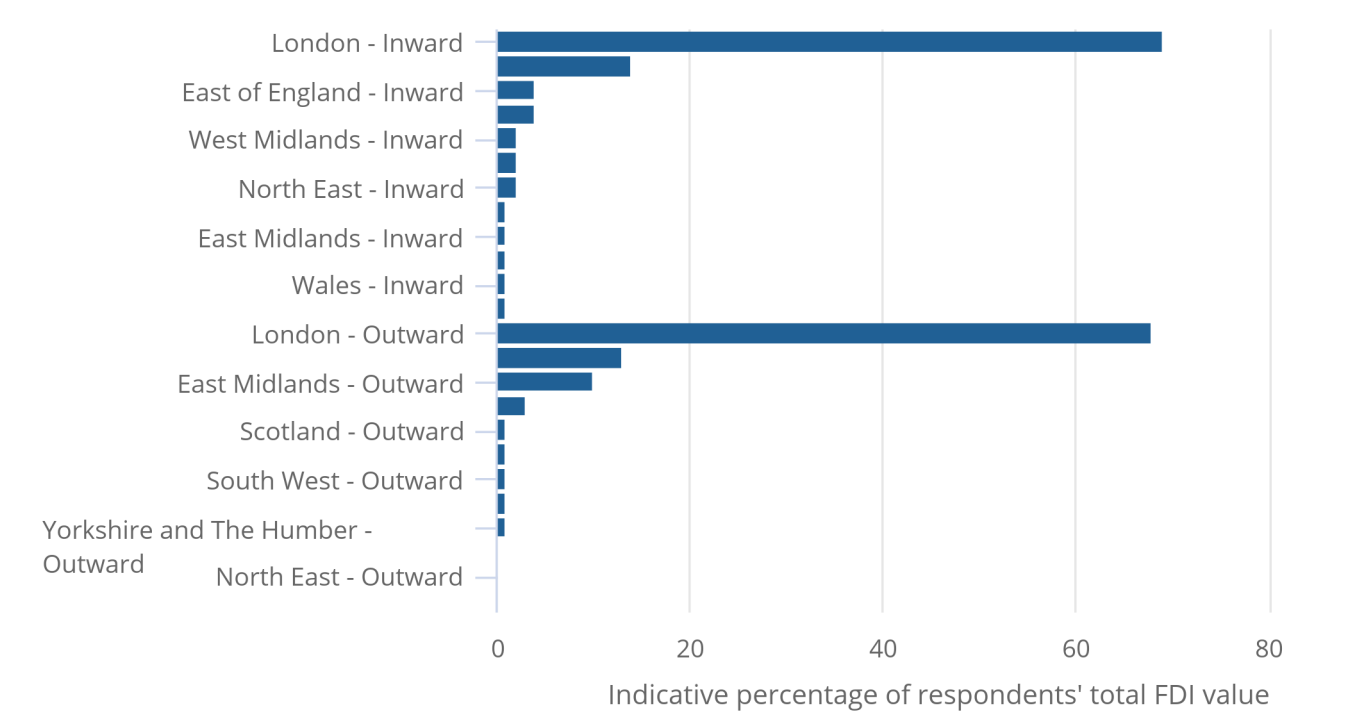
Most companies providing information on the sub-national composition of their FDI positions allocated it to London. The proportion for inward FDI (69%) was similar to that for outward FDI (68%) in 2020 (Figure 3). The South East had the second highest proportions in both directions too, 14% for inward and 13% for outward. This implies that responses for all the other regions combined accounted for 17% and 19% of respondents' inward and outward FDI positions, respectively.

**Figure 3: Just under 70% of the weighted inward or outward foreign direct investment (FDI) positions of respondents to the new FDI question would be in London**

Indicative proportions of UK FDI positions by UK country and region for respondents, total FDI positions weighted by reported values for unquoted equity, inward and outward, 2020

Figure 3: Just under 70% of the weighted inward or outward foreign direct investment (FDI) positions of respondents to the new FDI question would be in London

Indicative proportions of UK FDI positions by UK country and region for respondents, total FDI positions weighted by reported values for unquoted equity, inward and outward, 2020



Source: Office for National Statistics - Foreign Direct Investment Survey

Notes:

1. Percentages might not sum to 100 because of rounding.
2. These results give the UK country and region percentages for respondents only. They do not include any results for companies that did not answer the new FDI questions, could not answer the question or were not sampled.
3. These results weight the total FDI positions of respondents by the UK country and region values reported for unquoted equity.
4. We strongly advise against using these results for any analysis or decision making.

Comparing these results with our [experimental FDI statistics published in October 2021](#) shows that the order of the two highest-value regions were the same in 2019. Those experimental statistics link FDI microdata with information from the Inter-Departmental Business Register (IDBR) and used the Business Register and Employment Survey (BRES) to weight for multi-site companies. However, the value for London was much lower in our data-linked estimates. For example, London accounted for 42.4% of the UK inward FDI position in 2019, and the South East a further 12.7%. There are also differences in the order of the UK countries and regions for respondents to the FDI Survey, compared with our linked results. Scotland had the third-highest inward FDI position in 2019, compared with the sixth-highest among FDI Survey respondents for 2020.

## **FDI earnings**

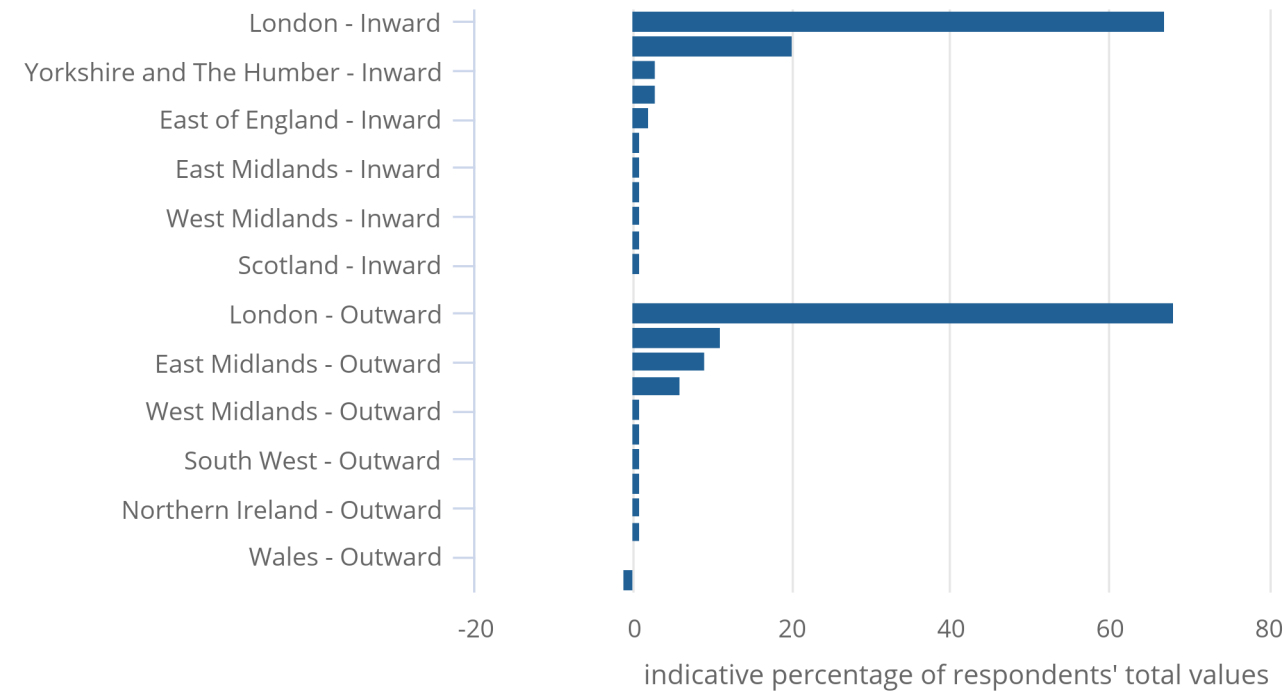
Extending the exercise for FDI earnings of respondents shows that London and the South East accounted for the highest proportions of both inward and outward earnings in 2020. Furthermore, the proportions for London for FDI earnings in respondents' totals, 67% for inward and 68% for outward, were close to those for reported FDI positions.

**Figure 4: London and the South East together accounted for more than three-quarters of respondents' indicative foreign direct investment (FDI) earnings in 2020**

Indicative proportions of UK FDI earnings by UK country and region for respondents, total FDI earnings weighted by reported values for profits, inward and outward, 2020

Figure 4: London and the South East together accounted for more than three-quarters of respondents' indicative foreign direct investment (FDI) earnings in 2020

Indicative proportions of UK FDI earnings by UK country and region for respondents, total FDI earnings weighted by reported values for profits, inward and outward, 2020



Source: Office for National Statistics - Foreign Direct Investment Survey

Notes:

1. Percentages might not sum to 100 because of rounding or negative values.
2. These results give the UK country and region percentages for respondents only. They do not include any results for companies that did not answer the new FDI questions, could not answer the question or were not sampled.
3. These results weight the total FDI earnings of respondents by the UK country and region values reported for profits.
4. We strongly advise against using these results for any analysis or decision making.

Comparing these results with our [data-linked results for 2019](#) shows that the order for the UK countries and other regions were quite different. For inward FDI earnings, Yorkshire and The Humber had the seventh-highest value in 2019, compared with the third highest among respondents for 2020. Scotland was also much lower (eleventh) for indicative earnings in 2020, compared with our experimental estimates for 2019 (fourth). It was the other way around for Wales, sixth-highest among respondents and tenth-highest from our data linking.

While the results presented in this section only cover the indicative weighted distribution of FDI positions and earnings for respondents, it does show some considerable differences between these results and our experimental statistics from data-linking. Part of this will reflect the companies that responded to the new FDI Survey questions, compared with those that could not or did not answer the question. Around one quarter of UK inward and outward FDI Indicative positions could not be allocated by surveyed companies. Then, among those responding, most allocated their FDI to a single site. This suggests that not only did companies find it difficult to answer these new questions but when they did reply, they were more likely to allocate to a single site, which tended to favour London.

There were also differences in response types between industries. For example, mining and quarrying, and manufacturing industries tended to have higher total inward FDI positions associated with companies that could not or did not answer the question. By contrast, respondents accounted for a higher proportion of the total inward position for financial services. This suggests that further research is needed to explore these aspects of the responses, among others, to support how we collect this information.

## 6 . Future developments

These results highlight several areas where we can develop our approach to collecting foreign direct investment (FDI) data and where additional analysis of these results could be helpful. The relatively high proportions of companies that cannot answer or did not answer the questions suggests that revising the survey guidance might help respondents to understand the questions. Furthermore, we can also contact companies to ask why they have not provided FDI results to the new questions when unanswered. For those that cannot answer and where the company has not given a reason, we could seek further insights.

There are also reasons why 2020 might be an unusual year for FDI companies, making comparing these results with previous trends more difficult. The ongoing impact of the coronavirus (COVID-19) pandemic on the UK economy might have affected respondents' ability to complete the survey as well as their company's activity over the year. We will continue to ask these questions so that we can compare these results with future years.

We can also explore our microdata from our [data-linked experimental FDI statistics](#) by UK country and region published in October 2021 to compare the sub-national responses of companies. This might indicate instances where companies report their FDI in a single region whereas we can identify multiple sites in our business register.

## 7 . Related links

### [Foreign direct investment involving UK companies: 2020](#)

Bulletin | Released 3 February 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.

### [Foreign direct investment, experimental estimates by UK country and region: October 2021](#)

Article | Released 18 October 2021

Experimental subnational foreign direct investment inward and outward positions, earnings and flows statistics by partner economy or industry between 2015 and 2019.

### [Developing foreign direct investment statistics: June 2021](#)

Article | Released 29 April 2021

An overview of our progress on the development of foreign direct investment (FDI) statistics since 2019, and our plans for the next phase of development.



