

Article

# Annual Business Survey: UK non-financial business economy foreign-owned businesses, 2016

Details of the number and proportion of foreign-owned enterprises in the UK, 2016.

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# 1 . Main points

- In 2016, there were just under 2.5 million registered non-financial businesses in the UK, of which 24,345 (1.0%) were owned by businesses outside of the UK (foreign-owned); despite this small proportion, these businesses contributed £324.3 billion (27.2%) in approximate gross value added (aGVA) to the UK's non-financial business economy.
- The majority of foreign-owned UK businesses were European; these businesses represented 55.6% of total foreign-owned businesses (13,542 businesses) and contributed £152.7 billion (47.1%) to total aGVA generated by foreign-owned businesses.
- The number of UK businesses owned by the Americas fell slightly in 2016 compared with 2015 (0.8%), however the contribution to aGVA from these businesses increased by 8.1% to £126.2 billion.
- The majority of foreign-owned UK businesses operated in the non-financial services sector, which contributed the greatest level of aGVA for foreign-owned businesses with 47.8% (£155.1 billion); the majority of this came from information and communication, which contributed 33.5% of total aGVA in this sector.
- Within the UK, England remained the country with the largest proportion of foreign-owned businesses (85.8%) operating there.

## 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 2016. Revised estimates for 2015 are also published within this release.

The estimates contained in this release are taken from the [Annual Business Survey \(ABS\)](#), which provides 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 approximate gross value added. 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, public administration and defence, public provision of education and health, and all medical and dental practice activities. Part of agriculture excludes crop and animal production.

Regional ABS estimates are produced by apportioning the survey return from each reporting unit to its individual sites and then summing them to the regional level. More information can be found under regional apportionment in [section 5.8.2 of the ABS Technical Report](#).

Estimates published in the [ABS national release](#) include turnover, purchases, approximate gross value added at basic prices (aGVA) and employment costs. All data are reported at current prices so no adjustments have been made to account for the effects of inflation.

ABS estimates are subject to revisions. The previous estimate for [2015](#) for aGVA for foreign-owned businesses was £326.5 billion. This has been revised to £319.9 billion. This is a downward revision of £6.6 billion.

### **3 . A high proportion of foreign-owned businesses apply their trade in non-financial services**

Latest published estimates show that the number of foreign-owned businesses based in the UK rose from 24,134 in 2015 to 24,345 in 2016. The majority (51.5%) of these businesses were in the non-financial services sector. This has marginally increased from 51.0% from latest 2015 estimates. Within this sector, 3,822 businesses that are foreign-owned operated in professional, scientific and technical activities. This accounted for 15.7% of all UK-based foreign-owned businesses in 2016 and was the largest contributor to total foreign-owned businesses in this sector for both 2016 and 2015.

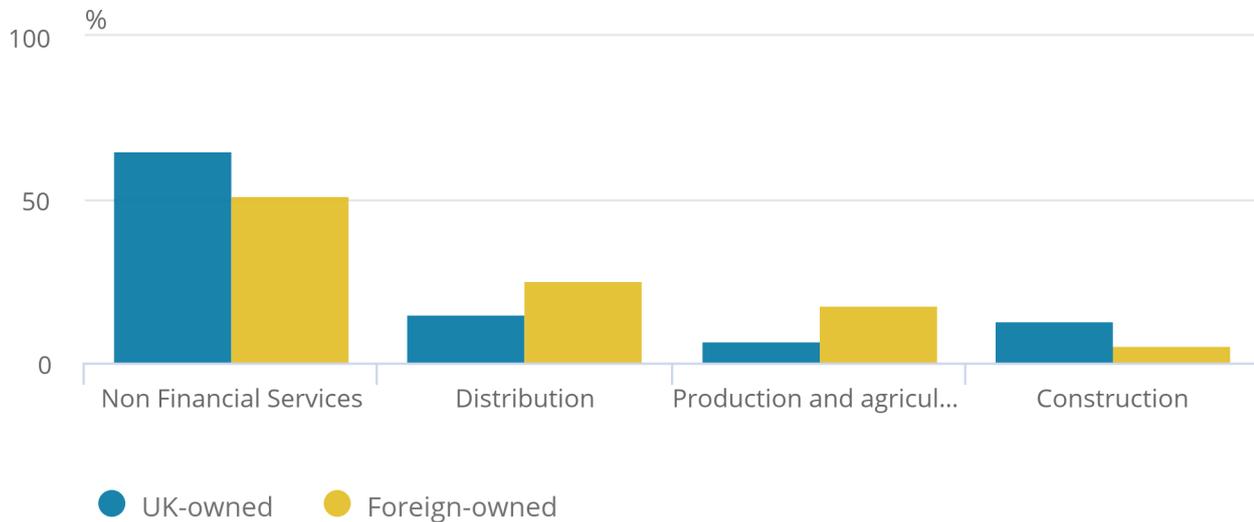
Just over a quarter of foreign-owned businesses (6,183 businesses) were active within the distribution sector of the economy, whilst the production and agriculture sector accounted for nearly a fifth (17.8%) of all foreign-owned businesses.

UK-owned businesses accounted for a larger proportion (64.9%) of the non-financial services sector compared with their foreign counterparts. Similarly, professional, scientific and technical activities accounted for an increased proportion of total UK-owned businesses with 19.9% operating in these industries.

Figure 1 shows the industrial differences between UK and foreign-owned businesses in 2016 and does not differ for 2015 estimates. Within the remaining industrial sectors, a different pattern was observed between foreign-owned and UK-owned businesses. The construction sector accounted for a higher proportion of UK-owned businesses (13.1%) than the production and agriculture sector (6.6%). This is in contrast with foreign-owned businesses where construction only represented 5.3% of total foreign-owned businesses.

**Figure 1: Number of UK and foreign-owned businesses by sector, as a proportion of their ownership type, 2016**

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**Source: Office for National Statistics**

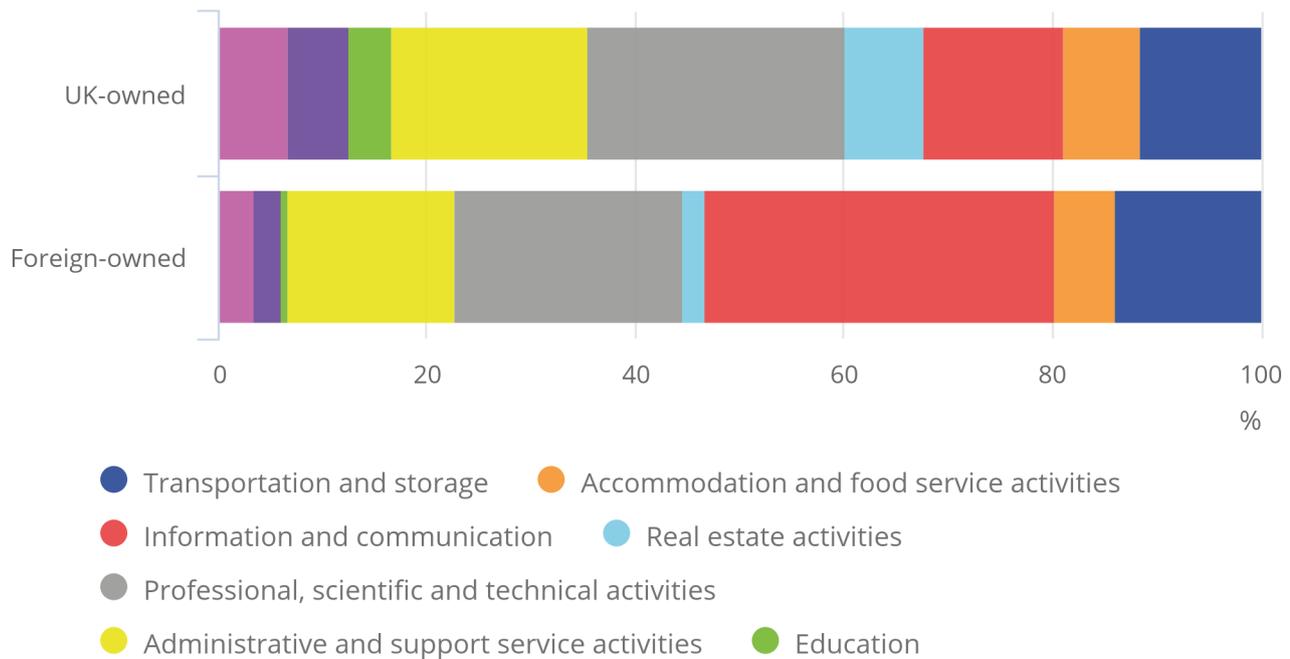
In 2016, approximate gross value added (aGVA) generated by UK-owned businesses in the UK non-financial economy was £868.9 billion. In comparison, foreign-owned businesses generated £324.3 billion in aGVA, accounting for over a quarter (27.2%) of total aGVA generated in the UK non-financial economy. Total aGVA generated by foreign-owned businesses has increased from £319.9 billion in 2015; a growth of 1.4%.

The non-financial services sector generated more aGVA than any other industry for both UK and foreign-owned businesses. For UK-owned businesses, this sector accounted for the majority (59.2%) of its aGVA. Likewise, foreign-owned businesses had just under half of their aGVA (47.8%) generated in this sector. Within the non-financial services sector, professional, scientific and technical activities were the greatest contributor towards aGVA for UK-owned businesses, accounting for a quarter (24.7%) of their aGVA. Foreign-owned businesses based in professional, technical and scientific activities accounted for a similar proportion with just over a fifth (21.9%) of their aGVA being generated in this industry. However, the information and communication industry was the largest contributor to aGVA for foreign-owned businesses, with just over a third (33.5%) of their aGVA being generated by these activities.

Figure 2 shows the proportion of aGVA for both foreign and UK-owned businesses in each section of the non-financial services sector. The greatest contribution to aGVA generated by foreign-owned businesses comes from the information and communication section, whilst for UK-owned businesses professional, scientific and technical activities provides the largest contribution.

**Figure 2: aGVA in non-financial services by section and ownership type, as a proportion of their ownership type in non-financial services, 2016**

Figure 2: aGVA in non-financial services by section and ownership type, as a proportion of their ownership type in non-financial services, 2016



Source: Office for National Statistics

Outside of non-financial services, aGVA generated by foreign-owned businesses was more concentrated in the production and agriculture industries than it was for UK-owned businesses, with 31.0% of foreign aGVA (£100.4 billion) being generated by this sector, compared to 14.5% (£125.6 billion) for UK-owned businesses. Within these industries, manufacturing generated the majority of aGVA in both ownership types; £91.5 billion and £74.9 billion of aGVA was generated within manufacturing for UK-owned and foreign-owned businesses respectively.

Elsewhere, the distribution sector accounted for 16.3% of UK-owned businesses' total aGVA in the UK non-financial economy. UK-owned businesses generated £141.4 billion in aGVA in this sector, which is over double that of the aGVA generated by foreign-owned businesses (£59.5 billion). Despite this, growth in foreign-owned businesses was mainly generated in this sector. Since 2015, aGVA in the distribution sector for foreign-owned businesses rose 14.0% (£7.3 billion).

## 4 . Continued growth in aGVA from businesses owned in the Americas

In 2016, the majority of foreign-owned businesses (13,542 businesses) were owned by European businesses, which accounted for 47.1% of total aGVA produced by foreign-owned businesses.

In the same period, nearly two-fifths of foreign-owned businesses (7,496 businesses) were owned by businesses operating from the Americas. The industry breakdown of UK businesses owned by the Americas followed a similar pattern to its European counterparts. The non-financial services sector accounted for the largest proportion of businesses owned by the Americas (56.9%). Likewise, the production and agriculture sector represented just under a fifth of UK businesses being operated from Europe (17.8%) and from the Americas (18.9%).

Total aGVA generated from businesses owned in the Americas increased in 2016 to £126.2 billion from £116.7 billion in 2015. Over half of the aGVA (£69.2 billion) generated by these businesses was in the non-financial services sector. In this sector, information and communication made a notable contribution with £29.6 billion generated from these industries.

Figure 3 shows the number of foreign-owned businesses and aGVA generated by each continent in 2016. The figure further highlights that the number of businesses owned by European businesses is proportionally larger than aGVA generated in this continent. This is the reverse trend for the Americas where aGVA generated is proportionally greater than the number of businesses.

**Figure 3: Number of businesses and aGVA of foreign-owned businesses by continent as a proportion of total foreign-owned businesses, 2016**

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Source: Office for National Statistics

## **5 . The number and aGVA of foreign-owned businesses varies by regions**

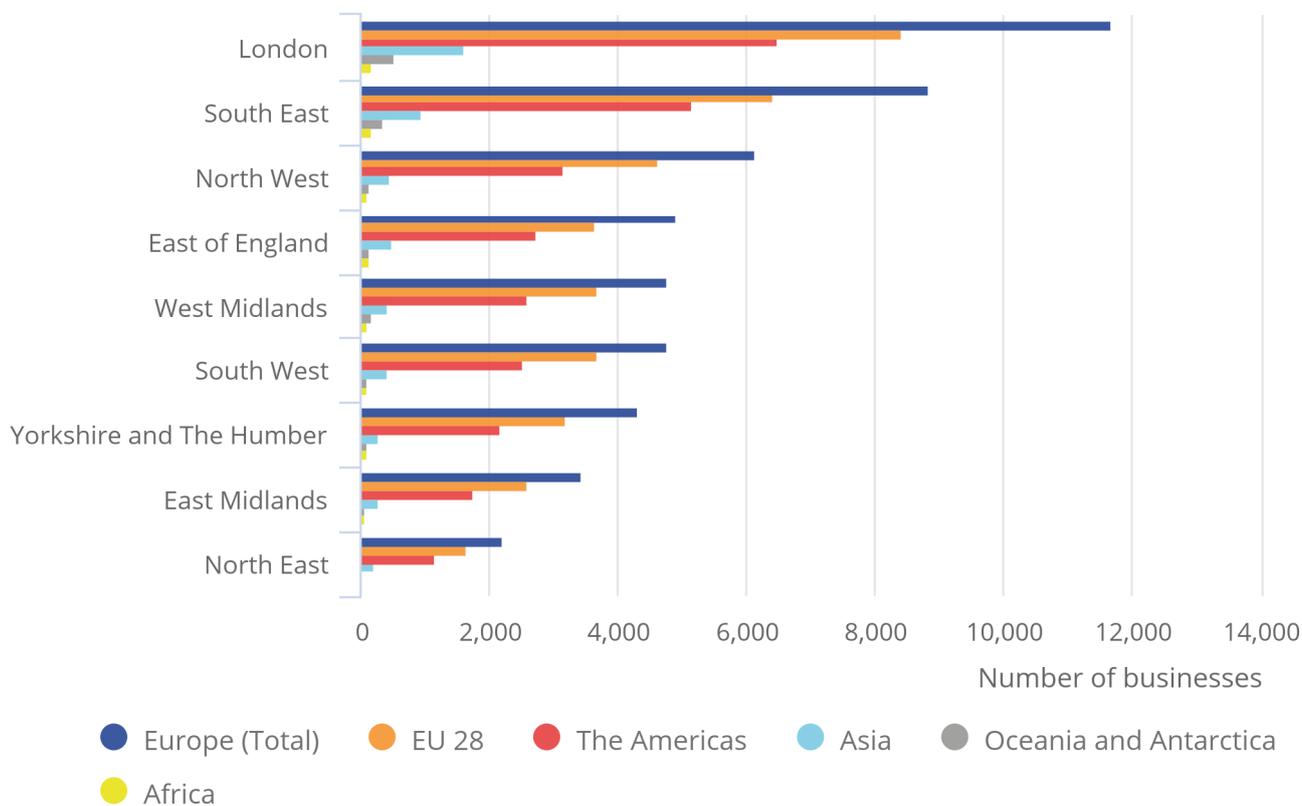
Within the UK, 85.8% of foreign-owned businesses at local unit level operated in England in 2016. In comparison, Scotland, Wales and Northern Ireland had 8.2%, 3.7% and 2.3% of foreign-owned businesses operating there respectively; which has remained broadly unchanged from 2015. Approximate gross value added (aGVA) from these English businesses accounted for a similar proportion as the number of businesses; contributing £279.0 billion (87.9%) to the UK non-financial economy.

Amongst the other devolved nations, foreign-owned businesses based in Scotland contributed the most to aGVA (£21.8 billion); representing 1.8% of total aGVA for all UK businesses. This compares to UK-owned businesses in Scotland which generated 5.2% of total aGVA (£61.5 billion). Wales generated nearly double the amount of aGVA at local unit level as Northern Ireland (£10.6 billion and £5.9 billion respectively). Comparing this to UK-owned businesses in the two nations where aGVA generated at local unit level was £26.2 billion and £17.3 billion respectively.

Within England, Figure 4 shows that the largest number of foreign-owned businesses are based in London and the lowest number are based in the North East. Businesses owned by Europe have the largest contribution in each region.

**Figure 4: Number of foreign-owned businesses by English regions and continent at local unit level, 2016**

Figure 4: Number of foreign-owned businesses by English regions and continent at local unit level, 2016



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, 2016 revised results](#). This release provides estimates of the size and growth of the UK non-financial business economy for 2016.

## 7 . 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](#).