

Statistical bulletin

# Foreign direct investment involving UK companies (asset and liability): 2018

Investment of UK companies abroad (assets and credits) and foreign companies into the UK (liabilities and debits) by country, component and industry.

Contact:  
Andrew Jowett  
fdi@ons.gov.uk  
+44 (0)1633 455357

Release date:  
6 February 2020

Next release:  
To be announced

## Table of contents

1. [Main points](#)
2. [Net FDI earnings and the current account](#)
3. [Statistical tables on FDI asset and liability flows](#)
4. [Net FDI values](#)
5. [Foreign direct investment data](#)
6. [Glossary](#)
7. [Measuring the data](#)
8. [Strengths and limitations](#)
9. [Related links](#)

# 1 . Main points

- The value of net foreign direct investment (FDI) earnings in 2018 fell from £30.4 billion in 2017 to £21.5 billion in 2018, contributing to the fall in the current account balance over that period.
- Credits in mining and quarrying industries increased considerably between 2017 and 2018, from £9.6 billion to £20.2 billion, reflecting higher credits reported by many companies.
- Retail and transport industries saw the largest increase in the value of debits between 2017 and 2018, from £10.4 billion to £17.1 billion, with retail industries accounting for nearly two-thirds of that increase.
- This is the first time we are publishing statistics for FDI flows on assets and liabilities by country, component and industry.
- We have continued the development of our directional FDI statistics and produced updated FDI flows estimates; there have been no changes to directional FDI positions and earnings statistics previously published on 3 December 2019.

## 2 . Net FDI earnings and the current account

Foreign direct investment (FDI) earnings are a component of primary income in the current account. Primary income captures returns for the provision of labour and financial assets, and renting of natural resources. FDI earnings are either the credits generated on the stock of UK FDI assets or debits from the stock of FDI liabilities. Net FDI earnings is the value of credits less debits.

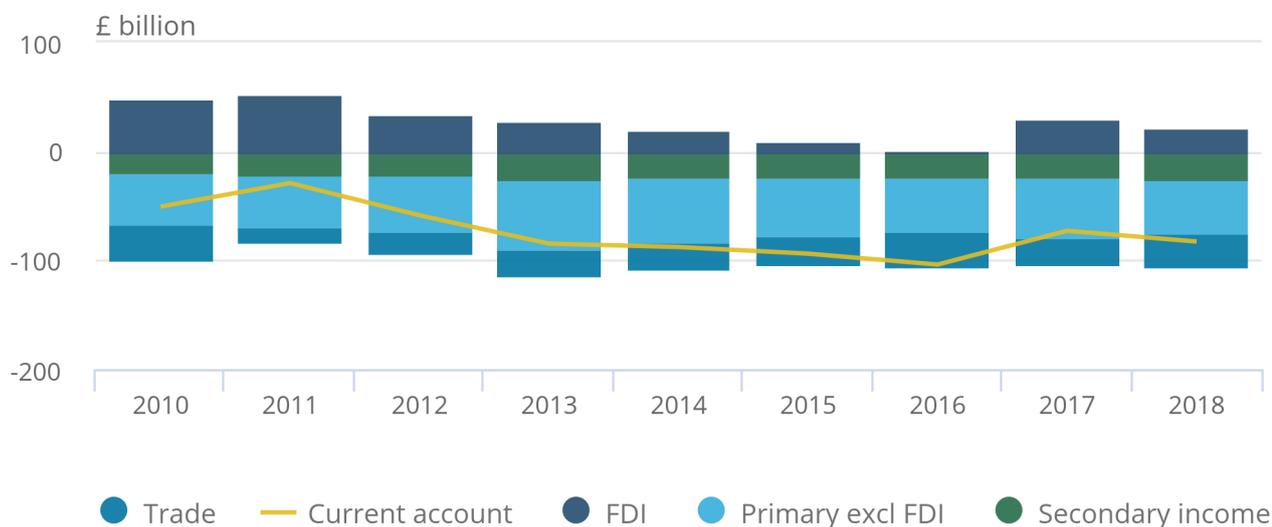
Our [previous analysis](#) observed the impact of falling net FDI earnings between 2011 and 2016 on the UK's overall current account balance. The far greater increase in the value of FDI credits compared with that of FDI debits between 2016 and 2017 saw net FDI earnings increase from £1.0 billion to £30.4 billion (Figure 1). This, coupled with less negative net trade and secondary income balances, contributed to the current account balance increasing from negative £104.0 billion in 2016 to negative £73.0 billion in 2017.

**Figure 1: Lower net FDI earnings in 2018 from 2017 contributed to the fall in the current account balance**

UK current account and components, 2010 to 2018

Figure 1: Lower net FDI earnings in 2018 from 2017 contributed to the fall in the current account balance

UK current account and components, 2010 to 2018



Source: Office for National Statistics - Foreign direct investment involving UK companies (asset and liability) and Balance of payments

Notes:

1. In line with the UK National Accounts Revisions Policy, revised estimates presented for 2017 in this statistical bulletin will not be incorporated into balance of payments statistics until September 2020.
2. Components might not sum to the current account balance due to rounding.

Net FDI earnings fell by £8.9 billion between 2017 and 2018, to £21.5 billion, due to faster growth in the value of FDI debits compared with credits over that period. The net FDI earnings balance in 2018 was still slightly higher than the £20.5 billion net FDI earnings in 2014. These lower net FDI earnings in 2018 contributed to the fall in the current account balance, which was negative £82.9 billion compared with negative £73.0 billion in 2017, or £9.9 billion lower.

The changes in the components of the current account can be weighted to calculate the percentage point contribution of each one to the change in the current account balance. The weighting allows for the relative values of each component in the current account where debits components are included as negative series because they reduce the current account balance. This shows that FDI credits contributed 10.0 percentage points to the change in the current account balance in 2018 from 2017, which was more than offset by the negative 23.2 percentage point contribution of FDI debits. This implies that net FDI earning contributed negative 13.2 percentage points to the change in the current account balance in that year.

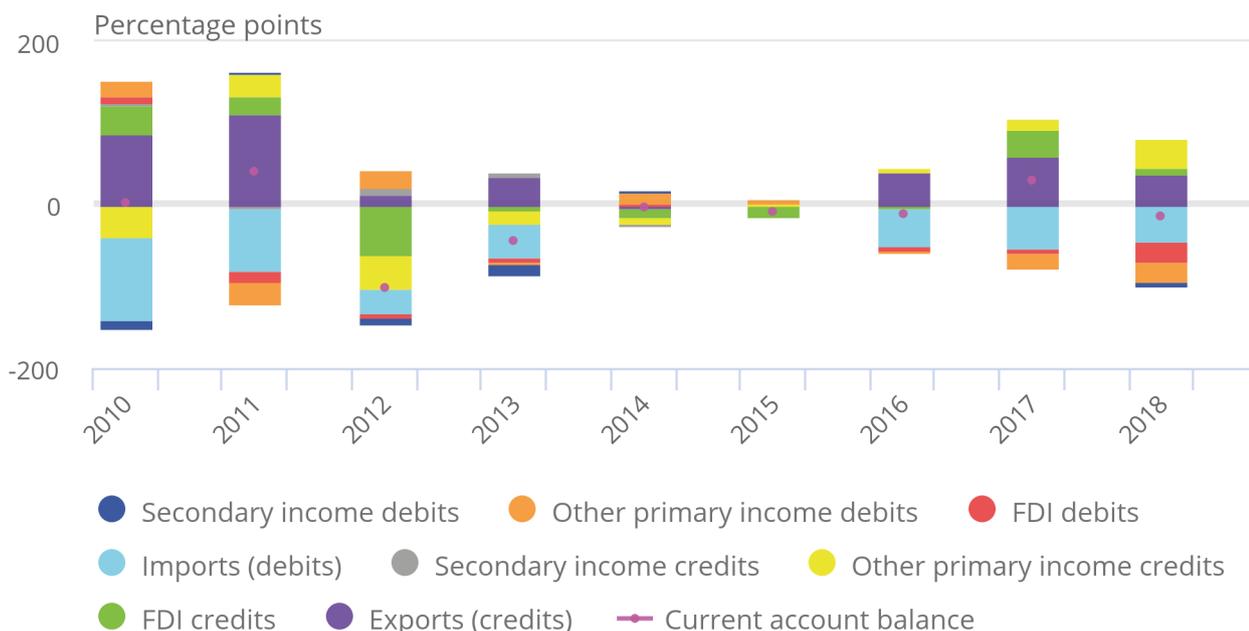
Exports and credits from other primary income were the other main components contributing positively to the current account balance. The negative contribution from imports was greater than that of exports whereas the contribution of debits from other primary income were smaller than other primary credits.

**Figure 2: FDI credits and debits contributed to the fall in the current account balance in 2012 and 2015**

Percentage change in the current account balance from previous year and the contributions of current account components to the change in the UK current account balance, percentage points, 2010 to 2018

### Figure 2: FDI credits and debits contributed to the fall in the current account balance in 2012 and 2015

Percentage change in the current account balance from previous year and the contributions of current account components to the change in the UK current account balance, percentage points, 2010 to 2018



**Source: Office for National Statistics – Foreign direct investment involving UK companies (asset & liability) and balance of payments**

**Notes:**

- Owing to the revisions policy for UK National Accounts, FDI estimates in the balance of payments reported for 2017 will not reflect those in this bulletin until September 2020.
- The components may not sum to the overall change in the current account balance due to rounding.

The contribution from FDI credits in 2017 from 2016 was its largest positive contribution since 2010. Credits contributed 35.0 percentage points to the change in the current account balance in 2017, which was much larger than the negative 18.3 percentage point contribution from FDI debits. This also meant that FDI credits made the third-largest absolute (positive or negative) contribution to the change in the current account balance in 2017, after exports (59.2 percentage points) and imports (negative 52.3 percentage points).

The impact of lower net FDI earnings on the current account between 2011 and 2016 can also be seen in these contributions. The fall in the value of net FDI credits was the largest absolute contribution of all the components in 2012 (negative 59.6 percentage points) and 2015 (negative 13.6 percentage points). The negative FDI credits contribution (11.4 percentage points) in 2014 was offset by the positive contribution from lower other primary income debits (positive 13.6 percentage points). Furthermore, both FDI credits and debits contributed negatively to the change in the current account balance in 2012, 2013 and 2016, increasing the downward effect of net FDI earnings on the current account.

FDI statistics can also be presented by industry. The value of UK FDI credits increased for all industrial groups in 2017 from 2016, but only for three of those groups in 2018 from 2017. The biggest increases were in the value of credits from UK FDI in mining and quarrying industries. These credits went from £1.4 billion in 2016 to £9.6 billion in 2017 and then £20.2 billion in 2018. The increase of £10.6 billion between 2017 and 2018 reflects increases in the value of credits reported by many mining and quarrying companies. There were also increases over that period for credits in retail and transport services industries (by £2.4 billion) and professional and support industries (by £1.3 billion). It was a few companies that contributed the most to the change in retail and transport credits over that period whereas there was a general increase in the value of credits across most professional and support companies.

**Figure 3: FDI credits from mining and quarrying industries have increased considerably between 2015 and 2018**

Foreign direct investment credits by industry, 2015 to 2018

Figure 3: FDI credits from mining and quarrying industries have increased considerably between 2015 and 2018

Foreign direct investment credits by industry, 2015 to 2018



Source: Office for National Statistics – Foreign direct investment involving UK companies (asset & liability)

Aside from mining and quarrying, there were also large increases in 2017 from 2016 in the value of credits for manufacturing and financial services industries. The biggest increase in the value of FDI credits among the seven industrial groupings presented in Figure 2 was for manufacturing. Credit values for these industries increased by £11.2 billion, from £17.2 billion in 2016 to £28.4 billion in 2017. This increase among manufacturing FDI companies was mainly from the credits of companies in the food products, beverages and tobacco products sub-industries. Their credits increased by £12.0 billion and was slightly offset by lower credits reported in the other sub-industries of manufacturing. Credits from financial services increased by £7.6 billion in 2017 from 2016, of which £5.5 billion was from the credits on UK assets in the EU.

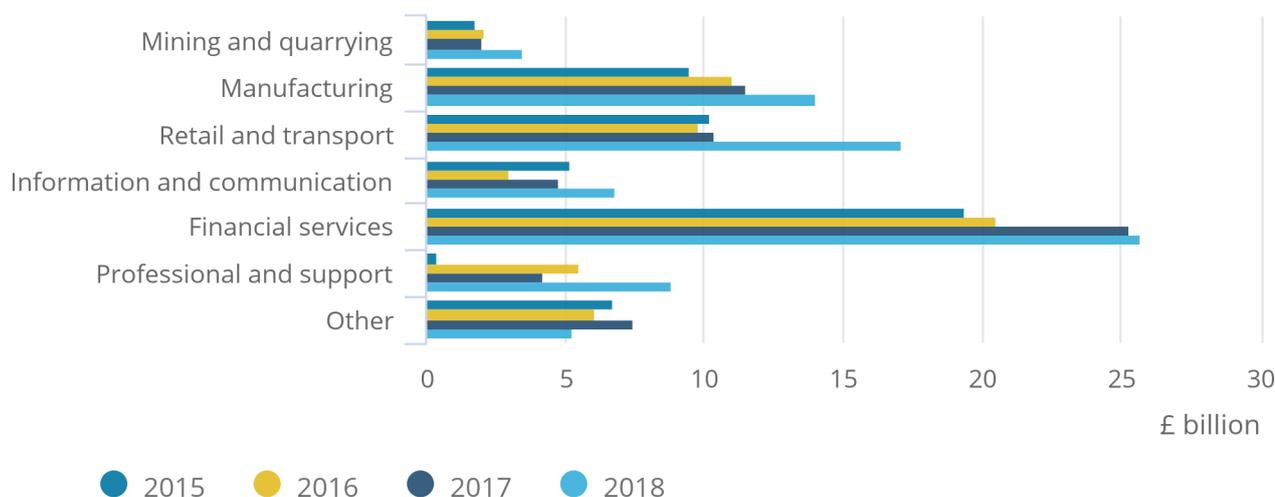
The value of FDI debits in 2018 were higher than values in 2017 for all industrial groups except other industries. The biggest increase was for debits from retail and transport industries, which went from £10.4 billion in 2017 to £17.1 billion in 2018, or £6.7 billion higher. This increase was observed across many companies in both the retail and transport sub-industries, with retail, wholesale and repair of motor vehicles companies accounting for nearly two-thirds of the increase.

**Figure 4: FDI debits from retail and transport and professional and support industries increased the most in 2018 from 2017**

**Foreign direct investment debits by industry, 2015 to 2018**

Figure 4: FDI debits from retail and transport and professional and support industries increased the most in 2018 from 2017

Foreign direct investment debits by industry, 2015 to 2018



Source: Office for National Statistics – Foreign direct investment involving UK companies (asset & liability)

The value of FDI debits for professional and support industries more than doubled in 2018 from 2017. These debits went from £4.2 billion to £8.8 billion, an increase of £4.6 billion. Once again, this reflected general increases in the value of debits reported rather than being confined to a few companies.

The link between the value of FDI credits with assets (or debits with liabilities) can be explained by the implied rate of return. This indicates whether the change in the value of credits or debits is from a change in the value of assets or liabilities respectively, or that those direct investments have become more or less profitable. Our [previous analysis from January 2017](#) found that asset values in mining and quarrying industries had been relatively constant between 2011 and 2015, yet the value of credits had fallen. This lower implied rate of return in mining and quarrying as well as for other industry groupings contributed to the downward trend in FDI credits over that period.

On the other hand, stable implied rates of return on FDI liabilities in financial services industries in particular had helped to support the value of debits over the same period. Both of these trends contributed to lower net FDI earnings shown previously in Figure 1. We have updated this analysis in [UK foreign direct investment, trends and analysis \(implied rates of return\), January 2020](#), which was published alongside this bulletin. That article offers more detail on trends in credits and debits relative to assets and liabilities for FDI by industry and by continent.

### **3 . Statistical tables on FDI asset and liability flows**

Our previous [Foreign direct investment involving UK companies \(asset and liability\):2017](#) statistical bulletin from May 2019 included detailed tables on FDI positions and earnings. Following ongoing development of our statistics, we are now publishing tables for FDI flows on assets and liabilities with this statistical bulletin for the first time. All of these tables are consistent with FDI estimates published in the balance of payments, for which FDI flows are included within the financial account. Please note that owing to the revisions policy for the UK National Accounts, FDI estimates in the balance of payments reported for 2017 will not reflect those in this bulletin until September 2020.

The new tables on FDI flows included with this statistical bulletin allow analysis of these statistics by country, component or industry. Figure 4 is an example of some of the information that is available, which presents FDI (outward) flows on assets by industrial grouping. It shows that outward FDI flows across most of the industry groupings have followed upwards trends, and were higher in 2018 than in 2015. This was pronounced in retail and transport services, where FDI flows went from negative £3.9 billion in 2015 to positive £12.8 billion in 2018. There was also a large increase in the value of outward FDI flows in financial services between 2015 and 2017, increasing from negative £18.7 billion to positive £40.4 billion.

**Figure 5: FDI flows values can change greatly from year to year**

UK foreign direct investment flows on UK assets by industry, 2015 to 2018

Figure 5: FDI flows values can change greatly from year to year

UK foreign direct investment flows on UK assets by industry, 2015 to 2018



Source: Office for National Statistics – Foreign direct investment involving UK companies (asset and liability)

Notes:

- 1. .. denotes value is disclosive.

The only industry where the value of FDI flows on assets was lower in 2018 than in 2015 was for FDI from manufacturing industries. These outward flows were £7.8 billion in 2015 compared with negative £6.0 billion in 2018. This was mainly from negative outward FDI flows of £8.0 billion in 2018 among petroleum, chemicals, pharmaceuticals, rubber and plastic products manufacturing that was slightly offset by positive flows among some of the other manufacturing sub-industries. This sub-industry also had FDI flows of £15.0 billion in 2017, which was offset by lower values across the other manufacturing sub-industries to give flows on assets of £13.3 billion.

FDI flows can vary considerably from year to year, as these reflect the financial decisions of multinational enterprises which can be one-off transactions such as mergers and acquisitions, corporate restructuring or changes to the corporate strategy. This also means that changes can often be dominated by a few companies, making country or industry-level statistics more likely to be suppressed to mitigate disclosure.

## 4 . Net FDI values

International guidance on compiling foreign direct investment (FDI) statistics allows for these to be presented using the asset and liability or directional measurement principle. Asset and liability statistics are consistent with the balance of payments, which measures the transactions of UK residents with the rest of the world. Directional FDI statistics look at the net transactions of parent companies with their affiliates, including those parents not resident in the UK. Both measurement principles can be calculated from the same FDI survey data, where an example of these calculations can be found in [foreign direct investment measurement principles explained](#).

This section compares the asset and liability statistics for FDI positions, earnings and flows with those in our [other statistical bulletin on a directional basis](#). In all cases, the net values should be identical whichever measurement principle is used. Table 1 presents the comparison for FDI credits and debits against FDI earnings and Table 2 compares FDI assets and liabilities with outward and inward positions.

Table 1: FDI credits and debits compared with directional outward and inward earnings, £ billion  
2015 to 2018

	Asset and liability		Net earnings
	Credits	Debits	
2015	62.3	53.2	9.0
2016	59.0	58.0	1.0
2017	96.1	65.7	30.3
2018	102.7	81.2	21.5

	Directional		Net earnings
	Outward earnings	Inward earnings	
2015	57.2	48.2	9.0
2016	51.3	50.3	1.0
2017	88.1	57.7	30.4
2018	94.1	72.7	21.4

Source: Office for National Statistics

### Notes

1. Asset and liability statistics in this bulletin may not match those included in the balance of payments due to rounding. [Back to table](#)
2. In line with the UK National Accounts Revisions Policy, revised estimates presented for 2017 in this statistical bulletin will not be incorporated into balance of payments statistics until September 2020. [Back to table](#)
3. Net earnings figures may not be exactly equal due to rounding. [Back to table](#)

Table 2: FDI assets and liabilities compared with directional outward and inward positions, £ billion  
2015 to 2018

	Asset and liability		
	Assets	Liabilities	Net position
2015	1,403.7	1,353.2	50.5
2016	1,633.1	1,545.7	87.3
2017	1,753.2	1,776.6	-23.5
2018	1,804.7	1,916.8	-112.1
	Directional		
	Outward position	Inward position	Net position
2015	1,084.0	1,032.5	51.4
2016	1,274.6	1,187.3	87.3
2017	1,369.1	1,392.5	-23.4
2018	1,408.7	1,520.6	-111.9

Source: Office for National Statistics

#### Notes

1. Asset and liability statistics in this bulletin may not match those included in the balance of payments due to rounding. [Back to table](#)
2. In line with the UK National Accounts Revisions Policy, revised estimates presented for 2017 in this statistical bulletin will not be incorporated into balance of payments statistics until September 2020. [Back to table](#)
3. Net positions figures may not be exactly equal due to rounding. [Back to table](#)

The asset and liability FDI statistics are higher than the respective directional equivalent estimates in every year covered by this bulletin. This is because the asset and liability statistics count every FDI asset held by a UK-resident company and every liability of non-UK residents. These are added together irrespective of whether the asset (or liability) is held by a (non-) UK-based parent company or affiliate. However, directional statistics subtract any transactions from affiliates back to their parent company. The net values presented in Table 1 and Table 2 differ slightly between asset and liability compared with directional statistics in some cases due to rounding involved in the calculations of these statistics.

## Revised directional FDI tables have been published at the same time as this bulletin

We have also continued developing our FDI flows statistics using both measurement principles. Updated directional estimates for FDI flows have been produced at the same time as this bulletin. The values for FDI flows are the only ones that may change compared with those previously published on 3 December 2019; estimates for directional FDI positions and earnings have not changed. The same developments have been incorporated into our asset and liability measures for FDI flows, with the results presented in Table 3.

Table 3: FDI asset and liability flows compared with updated directional outward and inward flows, £ billion  
2015 to 2018

Asset and liability			
	Flows on assets	Flows on liabilities	Net flows
2015	-39.3	30.1	-69.4
2016	24.3	243.7	-219.4
2017	133.5	97.8	35.7
2018	43.2	61.0	-17.9
Directional			
	Outward flows	Inward flows	Net flows
2015	-43.7	25.6	-69.4
2016	-27.8	191.6	-219.4
2017	110.6	74.9	35.7
2018	31.1	49.0	-17.9

Source: Office for National Statistics

#### Notes

1. Asset and liability statistics in this bulletin may not match those included in the balance of payments due to rounding. [Back to table](#)
2. In line with the UK National Accounts Revisions Policy, revised estimates presented for 2017 in this statistical bulletin will not be incorporated into balance of payments statistics until September 2020. [Back to table](#)
3. Net flows figures may not be exactly equal due to rounding. [Back to table](#)

## 5 . Foreign direct investment data

[Foreign direct investment involving UK companies \(asset and liability\): inward](#)

Dataset | Released 6 February 2020

Annual statistics on the direct investment liabilities, debits and inward flows of non-resident companies into the UK.

[Foreign direct investment involving UK companies \(asset and liability\): outward](#)

Dataset | Released 6 February 2020

Annual statistics on the direct investment assets, credits and outward flows of UK-resident companies abroad.

## 6 . Glossary

## Foreign direct investment (FDI)

Foreign direct investment (FDI) is cross-border investment made with the objective of establishing a lasting interest in the host economy. FDI is also defined by control relationships, where the direct investor (parent company) controls at least 10% of the voting power (ordinary shares) of the direct investment enterprise. These relationships can be measured in two directions:

- outward: the direct investments of UK-resident companies in other countries
- inward: the direct investments in the UK from non-resident companies

## Assets and liabilities

FDI assets are the total stock of direct investment held abroad that is controlled by UK-resident companies; this includes the overseas direct investments of foreign-owned companies in the UK as well as the FDI of UK-based parent companies. FDI liabilities is the stock of direct investments in the UK controlled by foreign companies. This includes investments of foreign parent companies into the UK as well as the reverse investments of UK-controlled affiliates with their UK parent company.

## Credits and debits

Credits and debits measure the income generated on a stock of direct investment over a period of time. FDI assets generate credits while debits come from liabilities. These are both gross values of the total income of all overseas investments (credits) and all foreign-owned investments in the UK (debits).

## Flows

Flows measure the cross-border movement of funds within multi-national enterprises. FDI flows include changes in shareholdings (equity), debt and reinvested earnings. Outward FDI flows are associated with assets and inward flows with liabilities.

## Asset and liability measurement principle

The asset and liability measurement principle uses residency as the main distinction between outward and inward investments. It measures the direct investments of UK resident companies – both UK parent companies and foreign-owned UK affiliates – with the rest of the world relative to the direct investments of non-UK resident companies held in the UK. These statistics are consistent with the [Balance of Payments \(Pink Book\)](#).

## 7 . Measuring the data

The main source of information for UK foreign direct investment (FDI) statistics is the Annual FDI Survey; separate surveys are used to collect data on inward and outward FDI. This is combined with data from the Bank of England for all monetary financial institutions – such as banks – and other sources for property and public corporations in FDI. Survey responses are used to estimate or impute FDI values for every company in the UK's inward and outward FDI populations. The statistics in this bulletin are compiled using the asset and liability measurement principle (see the [Glossary](#) for further information). Compiling asset and liability statistics involves combining information from the outward and the inward surveys.

The FDI estimates published within this bulletin cover the period 2014 to 2018; the 2017 estimates are revised, and 2018 statistics are published for the first time. The quarterly balance of payments estimates for 2018, published on 20 December 2019, are comparable with what is published in this bulletin. The annual survey was used to benchmark statistics previously published for 2018, which were based on the Quarterly FDI Survey. The annual surveys have larger sample sizes than the quarterly surveys, and they are sent to companies to complete with information in their audited annual accounts rather than management accounts. Estimates presented for 2017 will be incorporated into [Balance of Payments statistics](#) in September 2020.

## Quality

More quality and methodology information on strengths, limitations, appropriate uses, and how statistics were calculated is available in the [Foreign direct investment Quality and Methodology Information \(QMI\) report](#).

We are also continuing to develop our FDI statistics in a number of areas. More details on our other development plans can be found in [Developing foreign direct investment statistics: 2019](#).

We would also like to combine this asset and liability bulletin with the directional bulletin for when we publish the first estimates of 2019 and revised 2018 statistics. As a result of this, and to allow more time to quality assure our results, we may delay the release of the combined December 2020 directional bulletin to either later in the same month or early 2021. We would greatly appreciate any feedback that you have on how delaying the bulletin from early December 2020 would affect you. Please e-mail all feedback on this point, or anything else related to FDI statistics, to [fdi@ons.gov.uk](mailto:fdi@ons.gov.uk).

## Details of countries within each continent for FDI statistics

### Africa

Algeria, Angola, Benin, Botswana, British Indian Ocean Territory, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, The Democratic Republic of the Congo (Zaire), Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Côte d'Ivoire (Ivory Coast), Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, St Helena, Ascension and Tristan da Cunha, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.

### Americas

Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Bonaire, Sint Eustatius and Saba, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, Falkland Islands, Greenland, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, Sint Maarten, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands, United States, Uruguay, Venezuela, British Virgin Islands, and US Virgin Islands.

### Asia

Abu Dhabi, Afghanistan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei Darussalam, Myanmar (Burma), Cambodia, China, Dubai, Georgia, Hong Kong, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Lebanon, Macao, Malaysia, Maldives, Mongolia, Nepal, North Korea, Oman, Pakistan, Palestinian Territory, Philippines, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka, Syria, Taiwan, Tajikistan, Thailand, Timor-Leste, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

## **Australasia and Oceania**

American Samoa, Antarctica, Australia, Bouvet Island, Christmas Island, Cocos (Keeling) Islands, Cook Islands, Fiji, French Polynesia, French Southern and Antarctic Lands, Guam, Heard Island and McDonald Islands, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, South Georgia and The South Sandwich Islands, Tokelau, Tonga, Tuvalu, US Minor Outlying Islands, Vanuatu, and Wallis and Futuna.

## **EU Europe**

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

## **Non-EU Europe**

Albania, Andorra, Belarus, Bosnia and Herzegovina, Faroe Islands, Gibraltar, Guernsey, Holy See (Vatican City State), Iceland, Isle of Man, Jersey, Liechtenstein, North Macedonia, Moldova, Montenegro, Norway, Russian Federation, San Marino, Serbia, Switzerland, Turkey, and Ukraine.

## Details of the industries within the industrial groups used

Table 4: Industries included within each grouping for this bulletin

<b>Industry grouping</b>	<b>Industry from FDI statistical bulletin tables 2.3, 3.3 and 4.3</b>
Mining and quarrying	Mining and quarrying
Manufacturing	Food products, beverages and tobacco products Textiles and wood activities Petroleum, chemicals, pharmaceuticals, rubber, plastic products Metal and machinery products Computer, electronic and optical products Transport equipment Other manufacturing
Retail and transport	Retail and wholesale trade, repair of motor vehicles and motor cycles Transportation and storage
Information and communication	Information and communication
Financial Services	Financial services
Professional and support	Professional, scientific and technical services Administrative and support service activities
Other	Agriculture, forestry and fishing Electricity, gas, water and waste Construction Other services

Source: Office for National Statistics

## 8 . Strengths and limitations

### Revisions

The estimates in this statistical bulletin are based on the Annual Foreign Direct Investment Survey for 2018. Provisional estimates can be derived from [quarterly surveys and appear in the quarterly balance of payments statistical bulletins](#). However, estimates based on the annual surveys provide firmer and more detailed figures, which for 2018 were incorporated into the balance of payments publication on 20 December 2019.

## Developing FDI statistics

We have also developed our methods for calculating foreign direct investment (FDI) flows. [Updated directional statistical tables](#) have been published at the same time as this asset and liability bulletin. There have been no changes to directional earnings and positions estimates compared with those first published on 3 December 2019.

## Reporting FDI relationships

In line with international guidance, UK FDI statistics are presented on an immediate partner country basis; as such, geographical compositions reflect direct relationships between investing parties rather than the residence of the ultimate parent or final destination of the investment. Multinationals often have complex corporate structures, where a parent company controls a large network of inter-linked affiliates and branches across the globe. Since published statistics report the immediate partner country, geographical compositions can be distorted in cases where a parent company invests through one or more countries before the investment reaches its final destination. While affecting geographical compositions, aggregate FDI statistics are unaffected by whether they are presented on an immediate or an ultimate basis.

## 9 . Related links

### [UK foreign direct investment, trends and analysis \(implied rates of return\): February 2020](#)

Article | Released 06 February 2020

Updating previous analysis of trends in implied rates of return for FDI involving UK companies.

### [UK foreign direct investment, trends and analysis \(distribution\): February 2020](#)

Article | Released 06 February 2020

Insights from analysing micro-data on the distribution of foreign direct investment positions using the asset and liability measurement principle.

### [Balance of payments, UK: July to September 2019](#)

Statistical bulletin | Released 20 December 2019

A measure of cross-border transactions between the UK and rest of the world. Includes trade, income, capital transfers, and foreign assets and liabilities.

### [Foreign direct investment involving UK companies: 2018](#)

Statistical bulletin | Released 03 December 2019

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