



Department for
International Trade



The role of United States-owned businesses in the United Kingdom



Foreword by Lord Grimstone, Minister for Investment

There has never been a time when attracting investment into the UK has been more important than it is now.

One of the biggest opportunities is the United States. The US is the world's largest economy, our closest security and defence partner, and one of our oldest friends. We are the biggest investors in each other's economies and natural economic partners.

Our investment in each other's economies creates jobs and growth while meeting our own ambitions to level up the whole of the UK.

Foreign investment allows us to innovate, share ideas and foster collaboration across the world – boosting productivity, employment, and average wages. That is why we are doing everything in our power to make it easier than ever before for investors to access the UK's world-class offer – particularly in priority industries like net zero, life sciences, infrastructure and technology.

Our enduring success as a global hub for investment isn't an accident. It is down to our low-tax, highly skilled, globally competitive economy, our cutting-edge innovators, and our world-leading capabilities across areas like science, services, and research and innovation.

This is part-and-parcel with the UK's ambitious environmental agenda, led by our hosting COP26 this November in Glasgow, and our Global Investment Summit, aimed at securing foreign investment in the green industries of the future.

In order to show the benefits of foreign investment from the US to the UK economy, DIT has analysed the jobs across multiple industries and regions that have come from these investments. And the results are clear.

In 2019, US-owned businesses supported 1.48 million jobs across the UK. And it's not just the number of jobs, but the reach of these right across all of the UK regions, with 60% falling outside of London and the South East.

These US-owned businesses are having a positive impact on a variety of industries, including financial services, which was the largest industry in terms of total absolute turnover of US-owned businesses in 2019, at £238.8 billion.

Every day, more than a million Britons turn up to work for American-owned companies; and, every day, more than a million Americans turn up to work for British-owned companies and these business to business and people to people links continue to grow.

As a newly independent trading nation, we can renew the UK's status as a gateway to the world, open and ready for business. We are building new relationships, securing gold standard trade and investment deals, and embracing the world's largest and fastest-growing markets like the US and industries of the future like never before.

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Acknowledgements:

We would like to thank our colleagues at the Department for International Trade for their collaboration and support on this work.

Disclaimer:

The contents of this publication ‘The role of United States-owned businesses in the United Kingdom’ has been prepared by the UK Department for International Trade (DIT) for the sole purpose of providing a sub-national and sectoral mapping of US-owned businesses across the UK, the employment they create in the UK economy, and their estimated turnover, as well as their estimated economic impacts in the UK. The contents of this document includes information based on statistical data from ONS. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates. Unless otherwise stated, all data in this publication is taken from the Business Structural Database (BSD).

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Note on notation:

Throughout this report, figures marked with an asterisk, and tables marked with ‘...’ show that data has been suppressed to avoid statistical disclosure.

Descriptive statistics have been rounded throughout the document, with employment figures to the nearest 1,000 employees, and turnover to the nearest £100m. This also applies to the data tables found in Annex 2. It should be noted that figures or percentage changes may not sum due to rounding.

In time series data, years with suppressed data have taken an average of the previous and following year.

All turnover figures are given in 2019 prices, unless otherwise stated.

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Executive summary

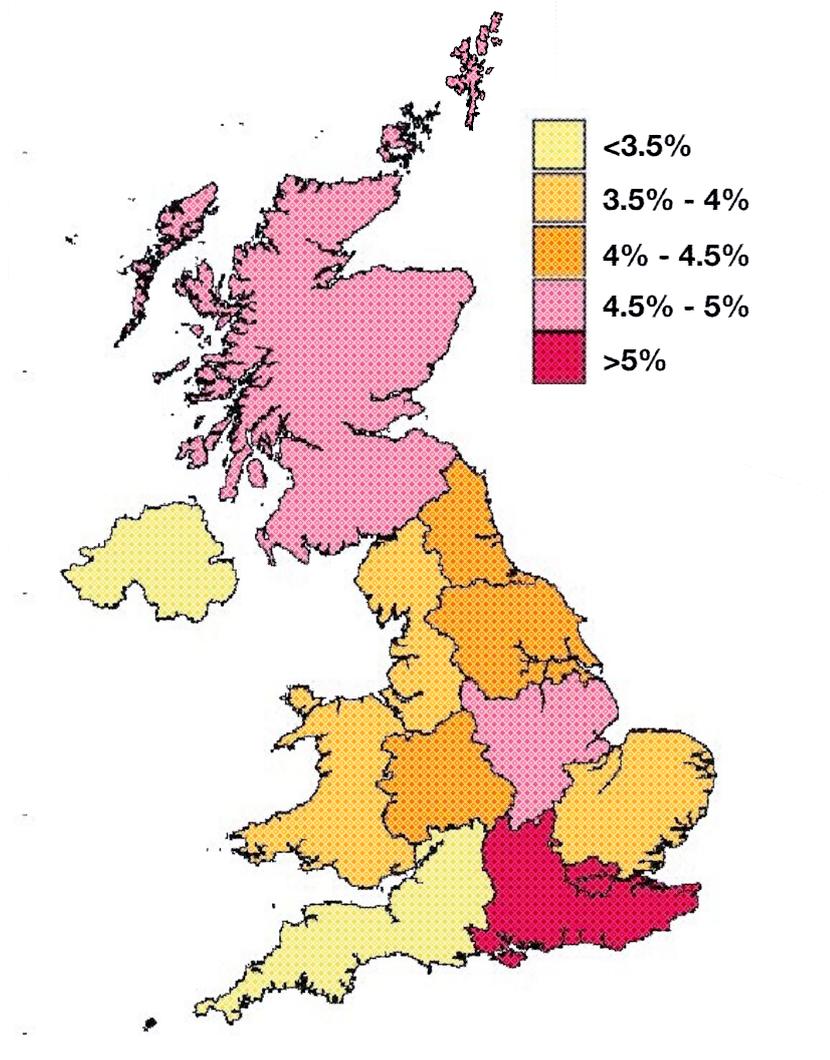
Note that all data discussed in this section can be found in the report main body and in an annex.

In 2019, US-owned businesses supported 1.48 million jobs across the UK

Almost 1 in every 20 UK workers, or 4.7% of all workers, worked for a US-owned business in 2019.

Around 60% of all employment in US-owned local business units is outside of London and the South East. This suggests US investment is contributing to the UK's levelling up agenda by supporting investment across the UK.

Figure 1: Proportion of total regional employment in US-owned local business units, 2019



Of the nearly 1.5 million UK workers employed in US-owned businesses, 29% were employed in wholesale and retail trade, the largest of any industry. This was followed by 22% employed in scientific, technical and IT activities, 14% employed in the manufacturing industry and 9% in financial services.

US-owned businesses make a disproportionately positive contribution to the UK economy. US-owned local business units accounted for 1% of all local business units in the UK in 2019, but generated 11.4% of total business turnover. The number of US-owned local business units and employees in the UK have grown almost every year since 1997.

US investment supports local economies in every UK region.

In 2019, US-owned local units employed workers across all regions of the UK.

London had the highest employment in US-owned local business units (355,000), followed by the South East (240,000) and the North West (133,000).

Employment in US-owned local business units grew in every region between 1997 to 2019. The region with the largest increase in employment in US-owned local units was Northern Ireland, with a 211% increase. This was followed by Yorkshire and the Humber (158%) and the East Midlands (131%).

US-owned businesses make a positive impact in a variety of industries.

Employment in US-owned businesses accounted for 9.1% of all employment in the wholesale and retail trade industry in 2019. This was the largest of any industry in the UK, and was followed by manufacturing (8.5%) and financial services (8.1%).

In 2019, US-owned businesses accounted for 17.6% of all UK business turnover in the scientific, technical and IT services industry. In the manufacturing industry, US-owned local units also accounted for 17.6% of total turnover. The largest industry in terms of total absolute turnover of US-owned businesses in 2019 was financial services, with a total turnover of £238.8 billion.

US-owned businesses have a wider positive impact on the UK economy.

Between 2010 and 2019, there was an estimated increase in UK gross value added (GVA), a measure of economic impact, of at least £65.2 billion from US-owned businesses.

Foreign-owned businesses, including US-owned businesses, export a greater value of goods and services from the UK than domestically-owned businesses. It is expected that US-owned businesses contribute to wider economic impacts through exports from the UK.

Section 1: Introduction

1.1 Foreign Direct Investment (FDI)

Foreign direct investment (FDI) refers to cross-border investments from one country into another, with the aim of establishing a lasting interest in an enterprise. The investor's purpose is to have an effective voice in the management of the enterprise. For the purposes of FDI statistics, this means a 10% or more ownership of the equity share capital. From a UK perspective, inward FDI is an investment from foreign investors to the UK. A non-UK company adds to or acquires equity share capital in a UK resident affiliate enterprise (subsidiary or associate) branch. Or, a non-UK company can engage in greenfield investment such as building a new office or factory.

FDI has been important in the rapid evolution of international economic integration in recent decades, with its ability to create long-term links between economies. Under the right policy environment, FDI has served as an important vehicle for business development. FDI has helped improve the competitive position of both the recipient (host) and the investing (home) economy, including through increased production and innovation. This is largely achieved through increased competition, knowledge, and technological spillovers, as well as exports, between economies. It also provides the host economy an opportunity to promote its products in international markets.

These benefits are reinforced by literature¹, which suggests that there are productivity spillovers from foreign to domestic business units in the UK. This is because:

- the UK is amongst the top 5 countries in the world for innovation capability². It therefore has sufficient absorptive capacity or supportive business environment to realise the potential benefits of FDI. These include the spillovers of better technology and managerial practices
- the UK has seen substantial inward FDI flows in recent decades, so is well positioned to absorb future FDI

Furthermore, research has examined the productivity margins of foreign owned business units. ONS research³ finds that UK business units with inward FDI links were 68.6% more productive than business units without an FDI link.

ONS research also highlights that foreign-owned businesses are more likely to export than domestically-owned businesses in the UK. In 2018, foreign-owned businesses exported £96.3 billion in services, around 38% greater than the value exported by domestically-owned businesses (£69.8 billion)⁴. According to ONS, the majority of UK goods exports (51%) in 2018 were by foreign-owned businesses based in the UK⁵.

In terms of innovation, literature suggests that FDI can have both direct and indirect impacts on research and development (R&D) in a host economy. Direct effects are influenced by whether foreign-owned business units undertake more R&D or are more innovative than domestic business units. Indirect effects are generated through spillovers in the form of transfer of knowledge, human capital and technological innovation to existing business units. Empirical evidence from a range of countries finds positive effects of FDI on R&D and innovation. DIT research shows that on average, every £1 million FDI project into Great Britain leads to a net increase in R&D expenditure of around £1,700.⁶ This is based on historical data from 1998 to 2014.

¹ See, for example, Haskell et al (2007) – [Does Inward Foreign Direct Investment Boost the Productivity of Domestic Firms?](#)

² WIPO (2021), [Global Innovation Index 2021](#)

³ ONS (2020), [UK foreign investment, trends and analysis: August 2020](#)

⁴ ONS (2020), [UK trade in services by business characteristics](#)

⁵ ONS (2020), [UK trade in goods by business characteristics](#)

⁶ DIT (2018), [Estimating the economic impact of FDI to support DIT's promotion strategy: analytical report](#)

1.2 Measuring FDI in the UK

The UK inward FDI stock (International investment position) measures the total financial value of FDI in the UK at a point in time. This is normally the end of the calendar year. The stock has the following main components:

- foreign companies' share capital and reserves
- net amount due to foreign parents on the inter-company account
- net amount due to foreign parents on the branch head-office account

Inward FDI flows (or transactions) show the net inward direct investments made during any reference period (quarterly and annually). FDI flows comprise:

- acquisitions or disposals of equity capital
- reinvested earnings and
- inter-company debt and other capital

The ONS also measures and reports the estimated value of FDI earnings foreign investors generate from their investments. The official statistics on FDI flow and FDI earnings form part of the Balance of Payments. The FDI stock figures are reflected in the international investment positions.

The UK currently ranks 3rd in the world for inward FDI stock, and has the second largest FDI stock in Europe⁷. Europe and the Americas continue to be the dominant sources for FDI positions in the UK. They accounted for 68% and 21% respectively of total UK inward FDI positions in 2019.⁸

1.3 FDI makes an important contribution to the UK economy

The importance of foreign-owned business units to the UK economy has grown over the past 10 years. The number of foreign-owned business units, their turnover and the amount of people they employ rose at a faster rate than for domestic-owned business units.

Figure 2: UK inward FDI stock and flow, £ millions, 2010 to 2019

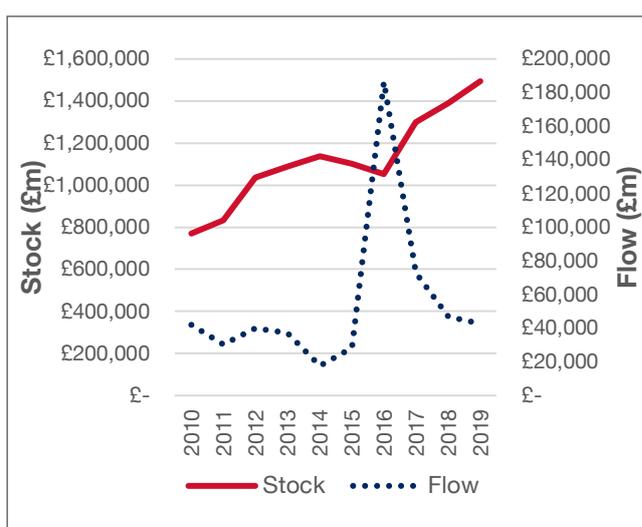
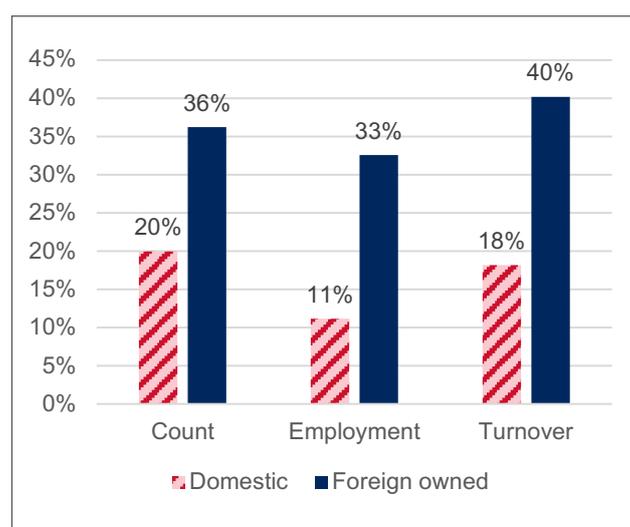


Figure 3: change in domestic- and foreign-owned business units, 2010 to 2019



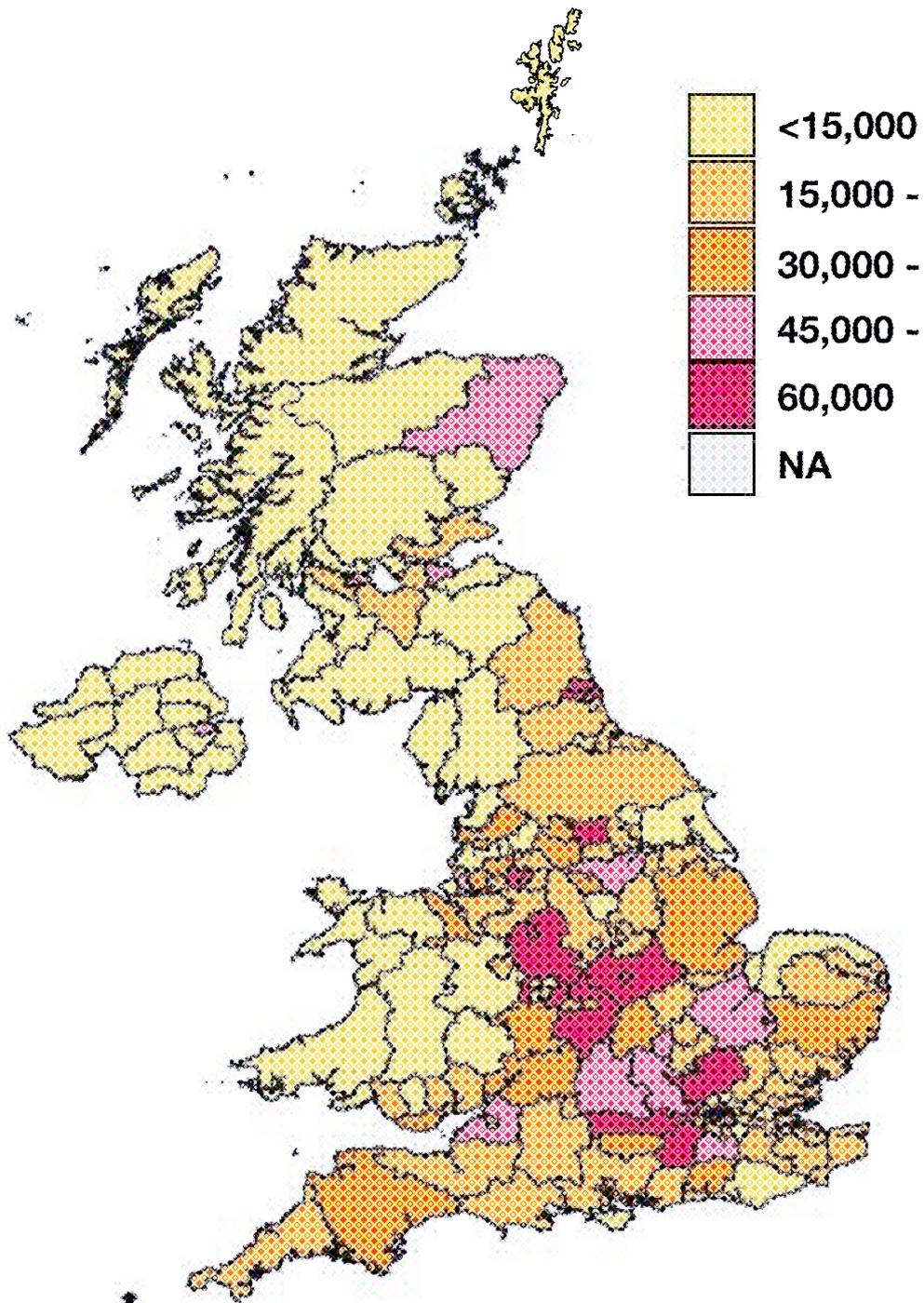
7 UNCTAD (2021), [World investment report 2021](#)

8 ONS (2020), [Foreign direct investment involving UK companies \(directional\): inward](#)

The region in the UK with the most employment from foreign-owned business units in 2019 was Camden and City of London, with just over 300,000 employees. This was followed by Westminster (195,000) and Berkshire (129,000). On the other hand, the region with the highest proportion of foreign-owned employment relative to its total regional employment was Harrow and Hillingdon, at 37%. This was followed by Camden and City of London (31%), and Solihull (29%).

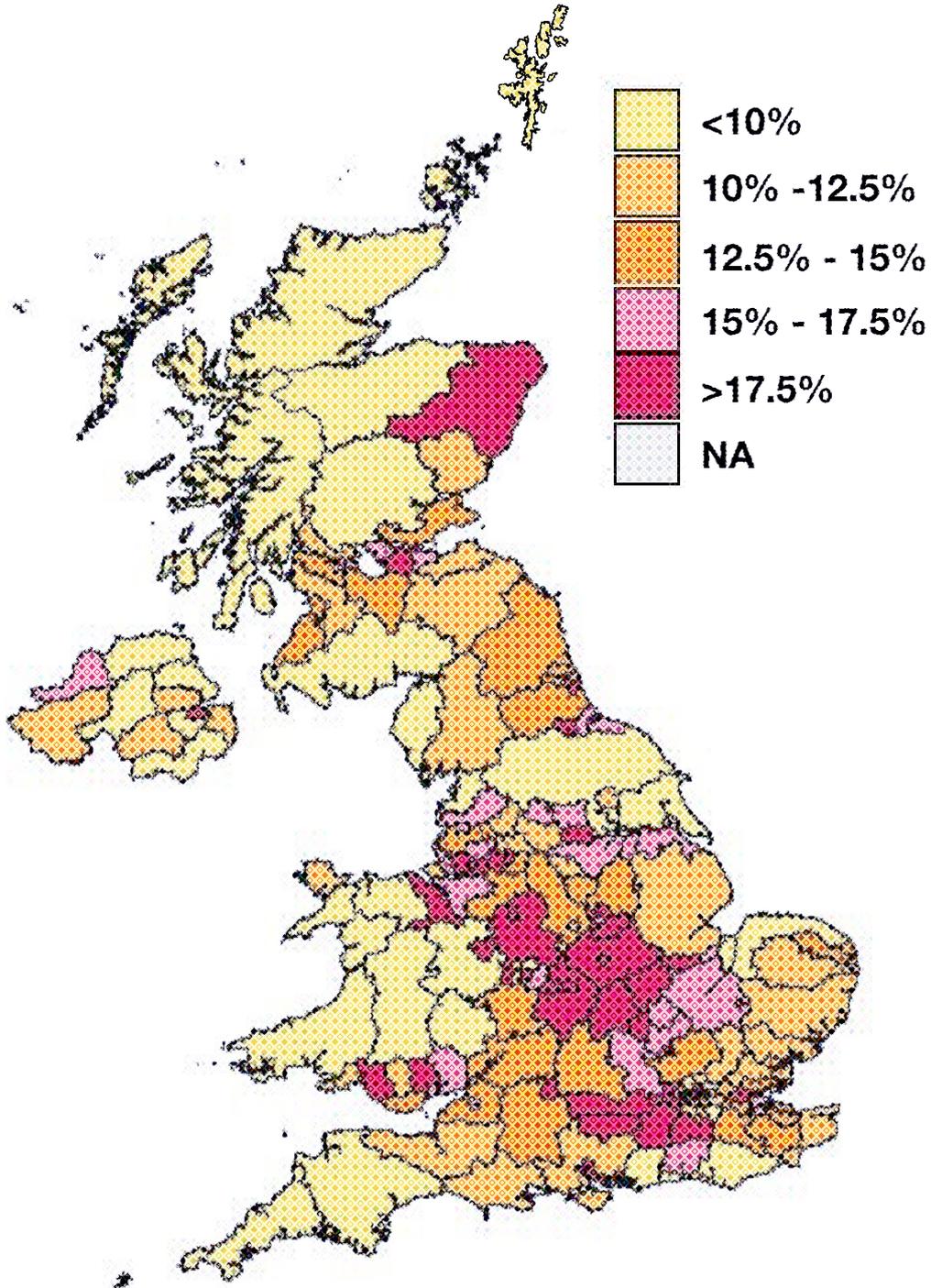
Figure 4: UK regional distribution of employment in foreign-owned business units, 2019

Employment in foreign-owned business units, 2019, NUTS3 region



Note: Some regional data has been suppressed to avoid statistical disclosure. These have been marked as 'NA'.

Figure 4: UK regional distribution of employment in foreign-owned business units, 2019
Percentage of employment in foreign-owned business units out of total regional employment, 2019, NUTS3



Note: Some regional data has been suppressed to avoid statistical disclosure. These have been marked as 'NA'.

The economic impact of FDI overall on the UK economy has been estimated and quantified by DIT⁹. A £1 million FDI project into Great Britain leads to a net increase in national levels of Gross Value Addition (GVA)¹⁰ of around £98,000 when including inter-industry impacts. It also leads to a net increase in employment of approximately 2.9 jobs. Similarly, a unit increase in employment at a foreign firm produces an increase in GVA of £212,000 (in 2013 prices) when including inter-industry impacts. Furthermore, every additional employment by foreign owned businesses raise in labour productivity of 0.031%.

In addition, DIT has examined foreign multinational enterprises' (MNEs') contributions across the UK, dividing the UK into 12 regions and further into 42 sub-regions¹¹. In both cases, regional variations still exist, and therefore FDI impacts differ across regions. For example, in 2019, foreign MNEs accounted for 6% of local business units in London, 21% of business employment, and over half of turnover. Analysis at a more granular level highlights that variations also exist within subnational regions and devolved administrations. For example, while foreign MNEs accounted for 14% of employment in Scotland in 2019, this rose to over 20% for North Eastern Scotland. The activity of US-owned local business units has been analysed in this report on a national, regional, and industry level.

9 DIT (2021), [Estimating FDI and its impact in the United Kingdom](#)

10 GVA, or Gross value added, is a measure of economic output, much like GDP. Indeed, GVA and GDP only differ in their treatment of taxation and subsidies when measuring output. For a given institutional unit, such as a business, household, or charity, GVA is a measure of the economic value generated by that unit. It is estimated as the £ output of a unit (that is, the goods/services produced: for example, chairs, books, financial advice etc.) minus the purchases required to produce that output.

11 NUTS1 and NUTS2 classifications respectively.

Section 2: Data and approach

This section provides an overview of the data used in this analysis, as well as the analytical approach followed.

Business Structural Database

The analysis produced here follows the same methodology used to support section 1.3 in DIT's report, 'Estimating FDI and its impact in the United Kingdom'¹². The analysis in this report mainly draws from the Business Structural Database (BSD), for the years 1997 to 2019.

The BSD is a comprehensive database capturing almost all business units in the UK. It is derived primarily from the ONS Inter-Departmental Business Register (IDBR). In turn, the IDBR is based on data from Companies House, HMRC VAT and Pay As You Earn (PAYE) records and ONS surveys. It is also supplemented with commercial data from Dun & Bradstreet. Only very small business units, such as the self-employed, are not found on the BSD.

The data are divided into 'enterprises' and 'local business units' based in the UK and include a time series back to 1997. An enterprise is the overall business organisation. A local unit is a 'plant', such as a factory, shop, branch, etc. Enterprise Groups can be identified too, which are groups of enterprises that share legal or financial links. The analysis for this report has focused on looking at 'local business units' that are US-owned.

Definitions

Enterprise group – an association of enterprises bound together by legal or financial links.

Enterprise – smallest combination of legal units with a certain degree of autonomy.

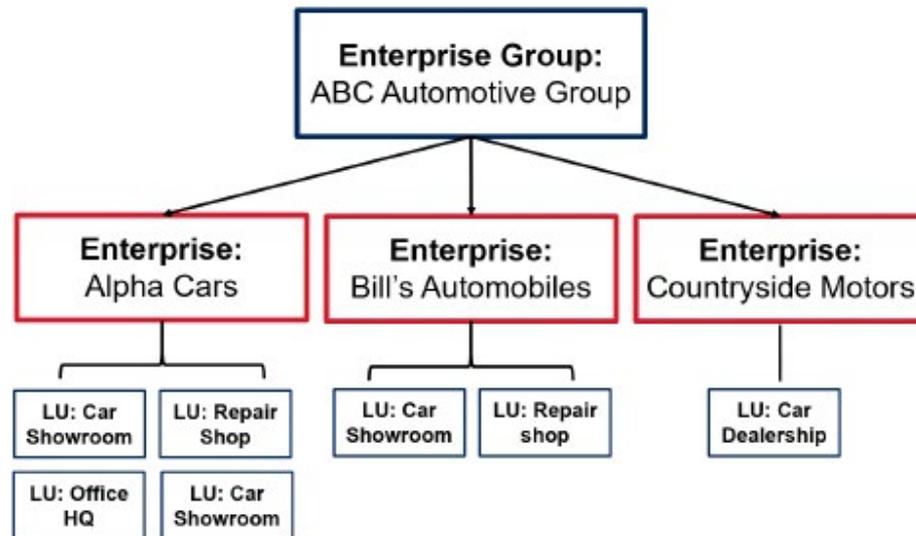
Local unit – enterprise or part of an enterprise that is situated in a geographical place.

In some cases, particularly in small business units, an enterprise may only have 1 local unit. In other cases, an enterprise will own many local business units.

Figure 5 is an illustrative example of a fictitious automotive enterprise group, named 'ABC Automotive Group'. The enterprise group owns 3 separate enterprises, with each of these owning separate local business units (LU) across the UK. 'Alpha Cars' has 4 local business units: a headquarters, 2 car showrooms and a repair shop. 'Bill's Automobiles' has 2 local business units: a car showroom and a repair shop. 'Countryside Motors' only has 1 local business unit: a car dealership. These 7 local business units are owned by 3 enterprises, which in turn are owned by 1 enterprise group.

The 7 local business units could be spread out across different regions of the UK. This would mean an analysis of the location of the headquarters of 'ABC Automotive Group' would not portray an accurate picture of its regional presence and impacts. An analysis of the 7 local business units is likely to give a more accurate picture. In this report, local business units have been used as the unit of measure for a business to capture the distribution across local economies. Consequently, in this example, if we were studying 'ABC Automotive Group', it would be measured as 7 separate local business units.

Figure 5: Illustrative example of enterprise and local unit structure



In the BSD, data on employment, foreign ownership, and industrial activity (Standard Industrial Classification 2007) are available for all enterprises and local business units. Year of ‘birth’ (company start-up date) and ‘death’ (liquidation date) are also included, as well as postcodes for both enterprises and their local business units.

Turnover data is only available at an enterprise level; therefore, we have apportioned turnover across local business units according to the share of overall employees. One limitation of this is where the number of employees does not accurately reflect the share of turnover generated in the overall enterprise. Nevertheless, this approach does overcome the common challenge faced when conducting spatial analysis using only enterprise units. This is where economic activity is often over-inflated for regions that are home to headquarters and holding companies, even when only a small proportion of activity takes place there.

Data at postcode level was mapped across to the Nomenclature of Territorial Units for Statistics (NUTS) geographical levels. Specifically, the aggregations used were for NUTS¹³ and NUTS²,¹⁴ using the ONS 2018¹⁵ boundaries.

In the BSD, industries are given at a SIC 07 level. Annex 1 outlines the aggregation used for this analysis, and how that maps over from the SIC 07 industries. A further breakdown of these industries is given by ONS (2016)¹⁶.

Some data has been suppressed to avoid disclosure of information for specific business units across different industries and regions. When this occurs during time series analysis, the average of the 2 closest years has been taken. When suppression has occurred in cross-sectional analysis, the datapoints have been excluded entirely from the analysis.

¹³ ONS (2018), [NUTS Level 1 \(January 2018\) Full Clipped Boundaries in the United Kingdom](#)

¹⁴ ONS (2018), [NUTS Level 2 \(January 2018\) Full Clipped Boundaries in the United Kingdom](#)

¹⁵ ONS (2018), [NUTS Level 1 \(January 2018\) Full Clipped Boundaries in the United Kingdom](#)

¹⁶ ONS (2016), [UK SIC 2007](#)

Section 3: Overview of US-owned multinationals in the UK

This section provides an overview of important descriptive statistics and analysis of US-owned businesses' investment into the UK economy. It includes the number of US-owned local business units, their turnover and employment, over time. It also provides estimates of the impacts of US-owned business investment on the UK economy.

3.1 The US is a vital FDI partner, and the largest single source country for UK inward FDI for the past 20 years

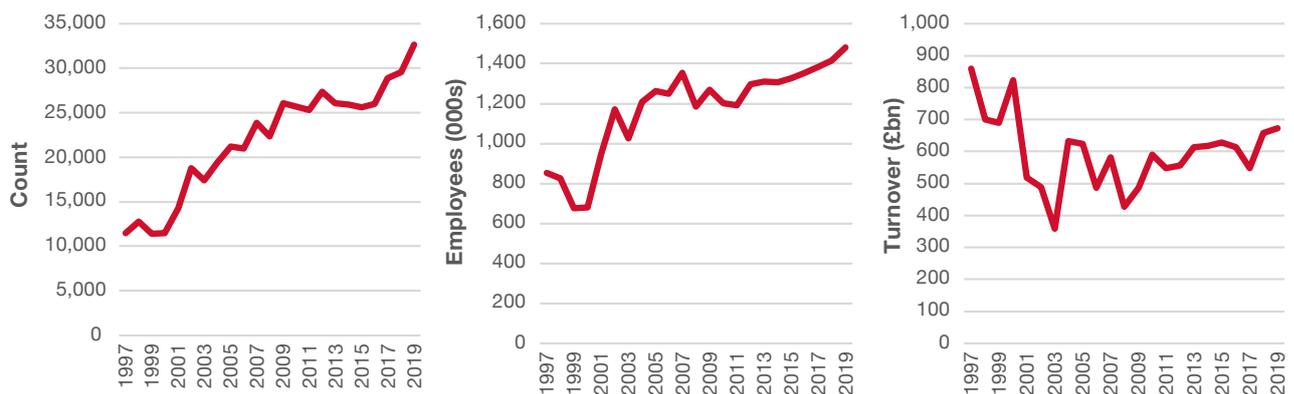
In 2019, there were 32,646 US-owned local business units¹⁷ in the UK, accounting for 1% of all business units in the UK. These business units employed around 1.48 million people (4.7% of UK total), generating an estimated turnover of around £672.3 billion (11.4% of UK total).

Since 2000, the US has been the largest single source of foreign investment to the UK economy in terms of employment, turnover and number of local business units. In 2019 alone, there were 32,646 active US-owned business units, accounting for around 1% of all local business units in the UK. This is the highest number of US-owned local business units that have been active at one time in the UK, having nearly tripled from 11,510 in 1997. The number of US-owned local business units in the UK has grown almost every year since at least 1997.

Similarly, UK employment in US-owned business units has seen a large and consistent growth in recent years, rising 74% over the period 1997 to 2019. In 2019, US-owned local business units employed around 1.48 million people, accounting for around 4.7% of total UK employment. This is compared to 1997, where there were only around 853,000 people employed by US-owned business units, accounting for 4.5% of total UK employment.

On the other hand, turnover has seen a more erratic trend as shown in figure 6. Adjusting for inflation using 2019 prices, 1997 saw the highest turnover over the period, with US-owned business units generating total turnover of £859.3 billion. This rapidly dropped to £359.0 billion by 2003, but by 2019 had nearly doubled and recovered to £672.3 billion, accounting for 11.4% of total UK turnover.

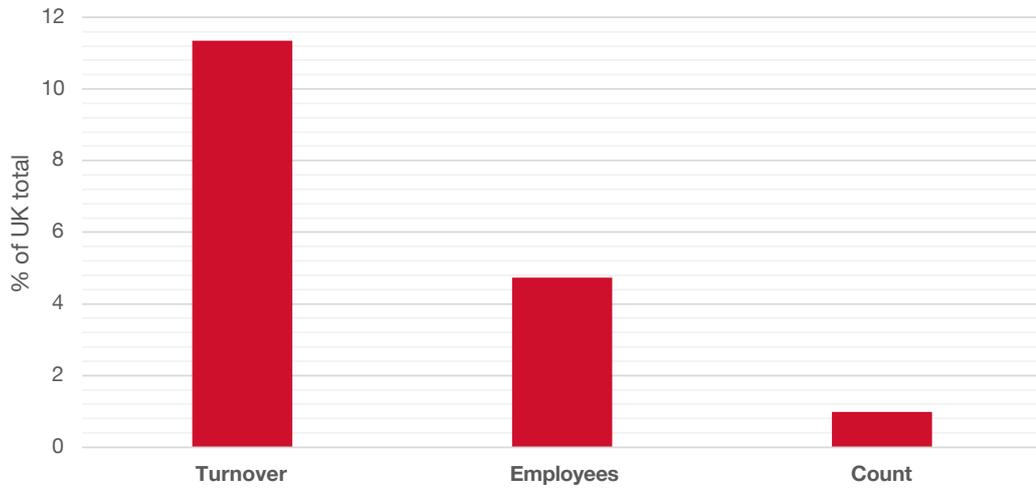
Figure 6: Count, employment & turnover of US-owned local business units in the UK, 1997 to 2019



To summarise, US-owned local business units accounted for 1% of all business units in the UK in 2019, 4.7% employment and 11.4% turnover. This suggests that US business units are larger than domestic business units on average.

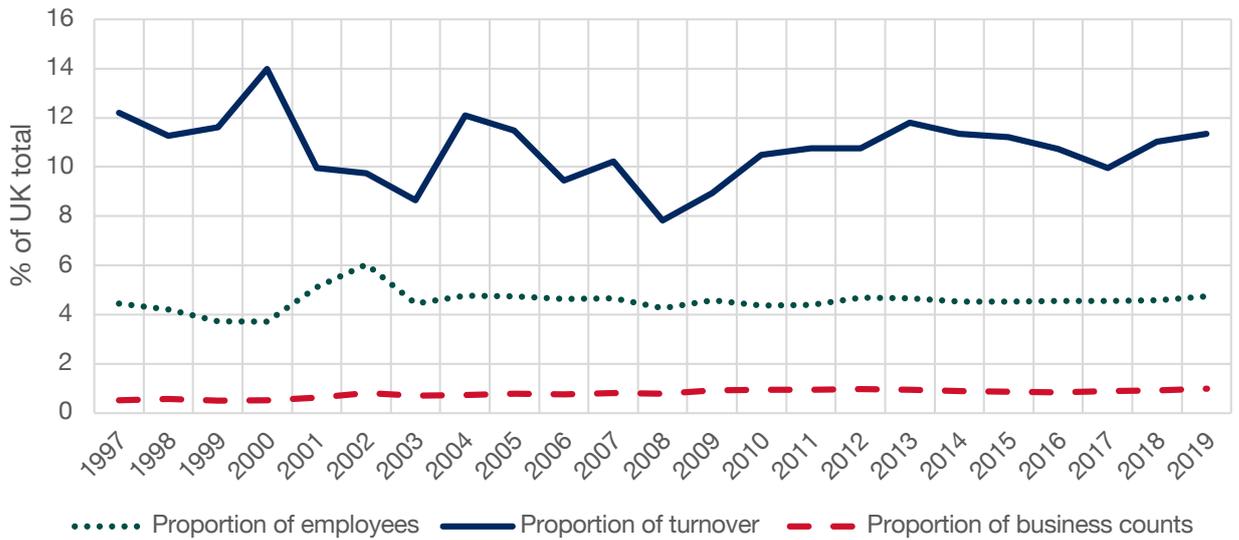
¹⁷ Further information on definitions of 'local business units' and 'enterprises' is given in Section 2: Data and approach.

Figure 7: Proportional contribution of US-owned local business units to the UK, 2019



The growth in the number of US-owned local business units and employment over the period 1997 to 2019 has kept pace with growth in the UK economy. The proportion of UK total local business units which were US-owned, and their employment and turnover, has been consistent over the period.

Figure 8: Proportion of employment, turnover, and local business units which are US-owned in the UK, 1997 to 2019



3.2 Employment in US-owned businesses also generates indirect spillover effects on the UK economy

UK employment in US-owned businesses is estimated to have increased UK GVA by £65.2 billion over the period 2010 to 2019.

DIT¹⁸ estimates that for every additional unit of employment created directly by FDI, GVA in the UK increases by approximately £212,000 (in 2013 prices). Over the period 2010 to 2019, the stock of UK employment in US-owned businesses increased by around 280,000. This is a net figure; over the period, it would be expected that some jobs would be lost or made redundant. For example, this could occur through updates in technology, but additional jobs would also be created as the economy changes. It would also be expected that business units may be liquidated over this period, or a US-owned business may be sold to an investor from a different country. The 280,000 figure accounts for these changes.

Applying DIT's estimates to the change in employment in US-owned businesses over the period 2010 to 2019, we estimate an increase in UK GVA of at least £65.2 billion from US-owned businesses¹⁹ (£976 per capita²⁰). Using the same methodology, the contribution of US-owned business investment to UK GVA is estimated to have increased by £146.2 billion since 1997²¹. We estimate that UK GVA from employment in US-owned businesses increased by 23.3% over the period 2010 to 2019.

It is worth noting that the full indirect impact on GVA may not yet have occurred. It can take at least 3 years for the indirect impacts to be fully realised. This suggests that the indirect impacts from investment in the last 3 years are still being felt today. Furthermore, it should be noted that this model was estimated using data from all FDI, and in this instance applied to US-owned business investment only. Investments from the US are likely to have a different industrial make-up to the average investment landing in the UK. Therefore these estimates may be over- or under-estimating the impacts of US-owned business investment.

US-owned businesses are also likely to have additional spillover impacts to the UK economy through exports. Foreign-owned businesses exported a greater value of both goods and services from the UK than domestically-owned businesses in 2018²². It can be expected that, as the number of US-owned businesses operating in the UK rises, these can support increased exports from the UK in future.

18 DIT (2021), [Estimating FDI and its impact in the United Kingdom](#)

19 This estimate can be seen as a lower bound, as it uses net employment in its estimation, rather than gross employment. Over the past 10 years, it is likely some employment has been created but which now no longer exists, but their impacts in the economy have been realised. Similarly, there could be negative effects of disinvestments from the US owned businesses, albeit, it is not expected to negate the positive impact estimated.

20 ONS (2020), [Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland](#)

21 This estimate can be seen as a lower bound, as it uses net employment in its estimation, rather than gross employment. Since 1997, it is likely some employment has been created but which now no longer exists, but their impacts in the economy have been realised. Similarly, there could be negative effects of disinvestments from the US owned businesses, albeit, it is not expected to negate the positive impact estimated.

22 ONS (2020), [UK trade in goods by business characteristics](#); ONS (2020), [UK trade in services by business characteristics](#)

Section 4: Activity of US-owned multinationals by region

This section provides descriptive statistics on activities and presence of US-owned local business units by UK region and over time.

4.1 Regional Statistics at NUTS1 (12 Regions)

4.1.1 Count of US-owned local business units

In 2019, US-owned local business units could be found in all regions of the UK. London had the largest number of US-owned local business units, with 7,477 local business units (1.2% of London’s total business units). This was followed by the South East (5,150) and the North West (2,971). The regions with the lowest number of US-owned business units were Northern Ireland (834), the North East (1,060) and Wales (1,074).

We can analyse this relative to the size of the local economy. London and the North East had the highest proportion of US-owned business units in terms of business count, with 1.2% of local business units in these regions being US-owned. This was closely followed by Scotland (1.1%). On the other hand, Wales, the East of England, and the East Midlands had the lowest proportions of US-owned business units at 0.8%.

Figure 9: Count and proportion of US-owned local business units by region, 2019

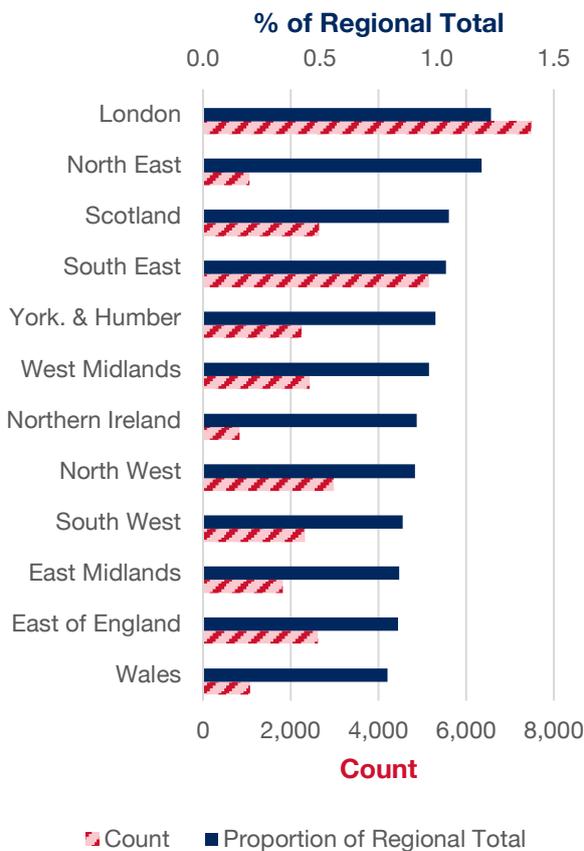
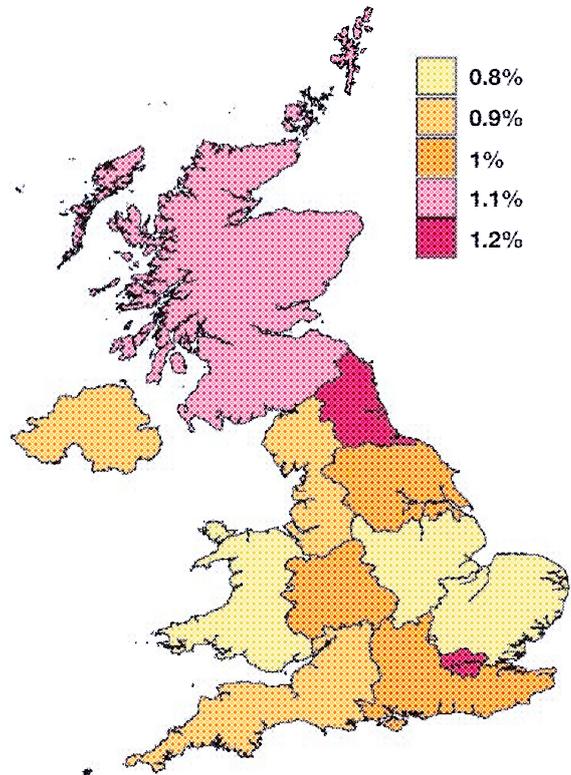
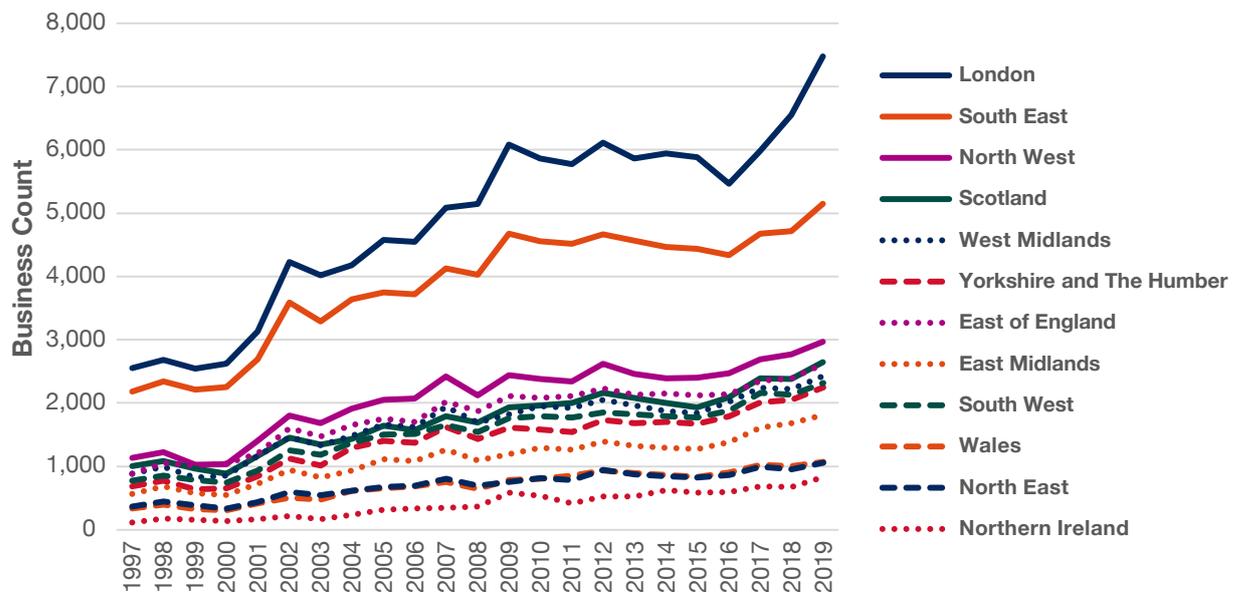


Figure 10: Proportion of local business units which are US-owned by region, 2019



Since 1997, all regions have seen an increase in the number of US-owned local business units. Northern Ireland saw the highest percentage growth, with the number of US-owned local business units being over 6 times higher (613% increase) in 2019 than in 1997. This was followed by Yorkshire and the Humber and Wales, both registering more than 200% growth. The region that saw the least growth was the South East, growing 136%. Despite the South East registering the lowest percentage growth over the period, the region had the second largest rise in local business units in absolute terms at 2,967. This was behind only London (4,924).

Figure 11: Count of US-owned local business units in the UK by region, 1997 to 2019



4.1.2 Employment in US-owned local business units

In 2019, US-owned local business units employed workers across all regions of the UK. London had the highest employment in US-owned local business units, with around 355,000 employed by US-owned local business units. This was followed by the South East (240,000) and the North West (133,000). The regions with the lowest employment in US-owned business units were Northern Ireland (27,000), the North East (46,000) and Wales (51,000).

We can measure this relative to the size of the local labour market. London had the highest proportion of employment in US-owned local business units, with 6.4% of employees in the region working in US-owned business units. This was followed by the South East (5.5%) and the East Midlands (4.9%). On the other hand, the South West (3.4%), Northern Ireland (3.5%) and the East of England (3.9%) had the lowest proportions of employment in US-owned local business units.

Figure 12: Total employment and proportion in US-owned local business units by region, 2019

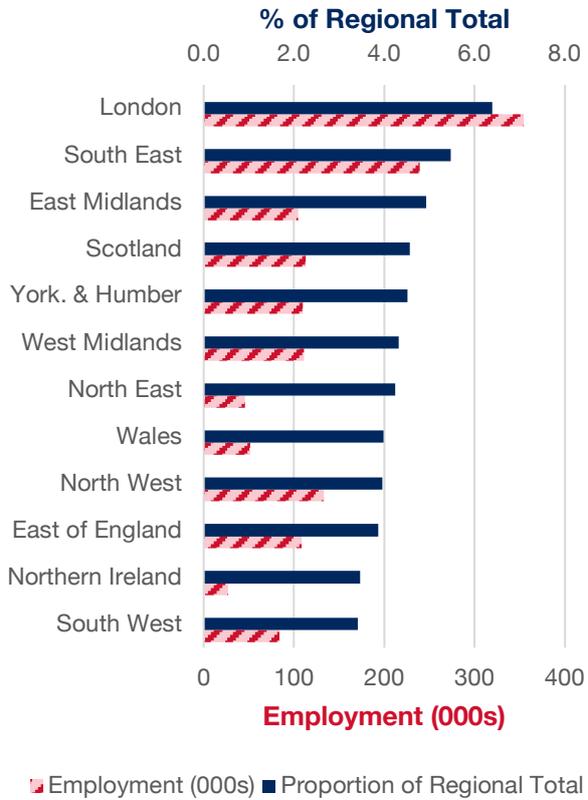
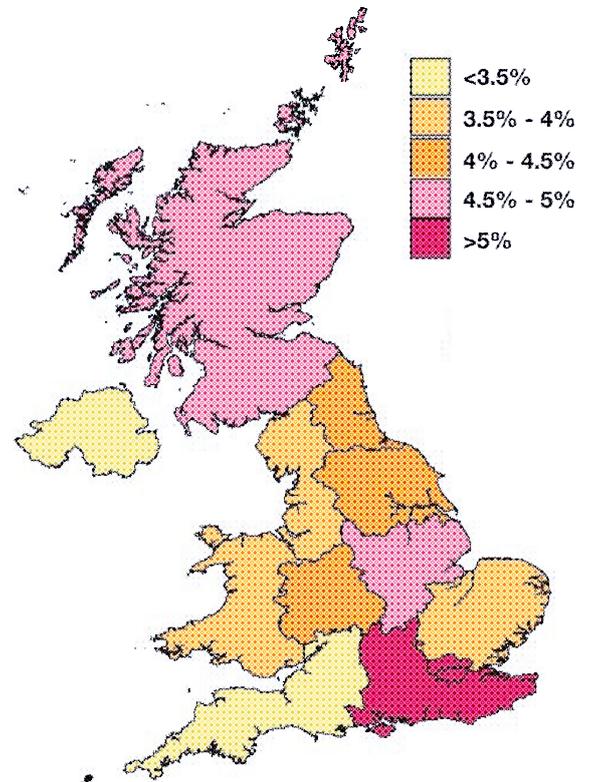
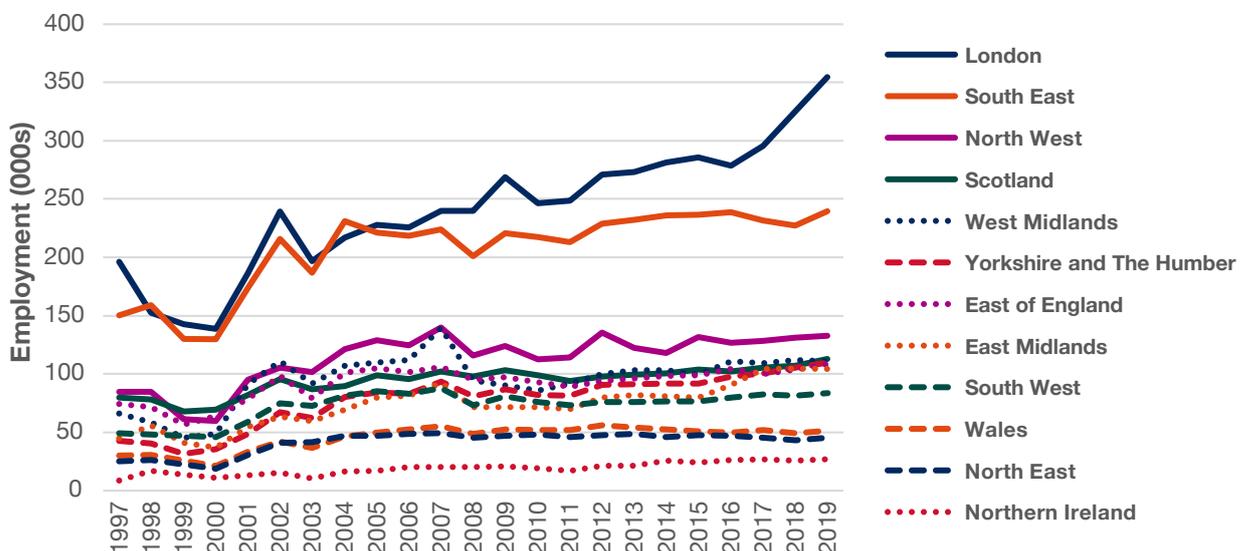


Figure 13: Proportion of total employment accounted for by US-owned local business units by region, 2019



Employment in US-owned local business units also grew in every region over the period 1997 to 2019. The region with the largest percentage increase in employment in US-owned local business units was Northern Ireland, with a 211% increase. This was followed by Yorkshire and the Humber (158%) and the East Midlands (131%). This mirrors the regions with the highest growth in number of business units as shown in Figure 11. The regions that had the lowest growth rates over the period were Scotland (42%), East of England (46%) and the North West (57%).

Figure 14: Employment in US-owned local business units in the UK by region, 1997 to 2019



4.1.3 Estimated turnover of US-owned local business units

We estimate²³ that US-owned local business units in London generated by far the most turnover compared to other regions in 2019, at £307.5 billion. The next highest region was estimated to be the South East, with US-owned local business units generating around £89.0 billion turnover. This was followed by Scotland at £48.0 billion in 2019. US-owned local business units were estimated to generate the lowest turnover in the North East (£8.7 billion), Northern Ireland (£11.6 billion) and the West Midlands (£23.7 billion).

Studying the estimated turnover of US-owned local business units relative to total business turnover in local economies portrays a different picture. US-owned local business units are estimated to have generated proportionately the greatest turnover in Wales, at around 15.8% of all business turnover. This is higher than London, where we estimate that US-owned local business units generated around 14.5% of total business turnover, followed by Scotland at 12.4%. We estimate that US-owned local business units generated proportionately the lowest turnover relative to total business turnover in the North East (6.2%). This was followed by the West Midlands (6.4%) and East of England (6.5%).

Figure 15: Estimated total turnover and proportion generated by US-owned local business units by region, 2019

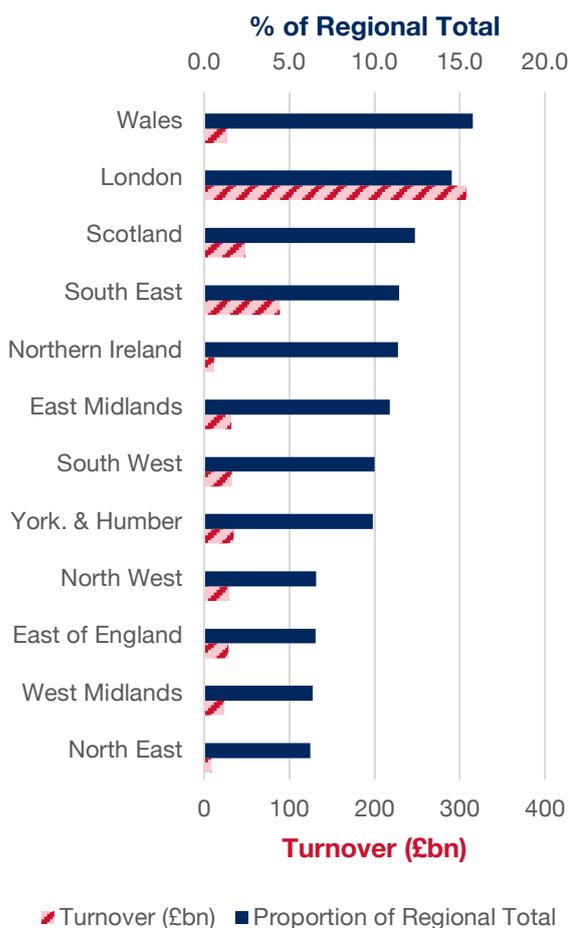
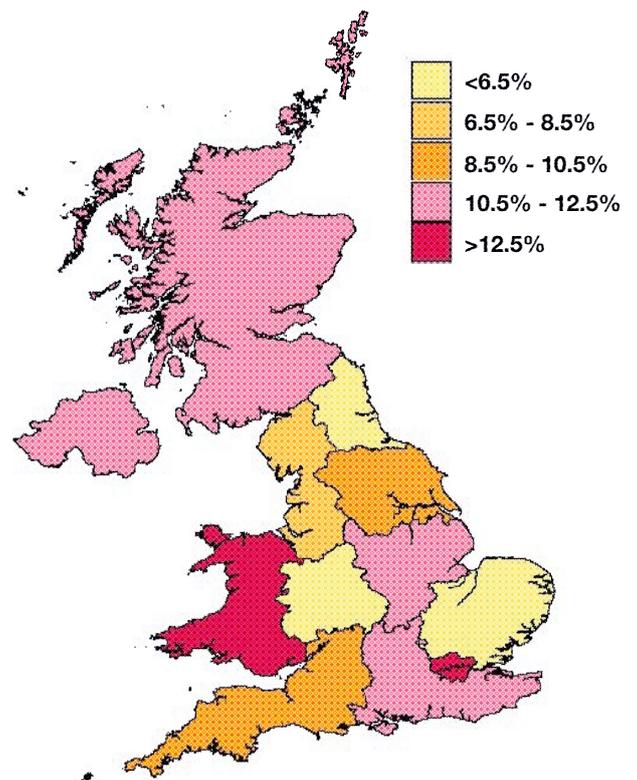


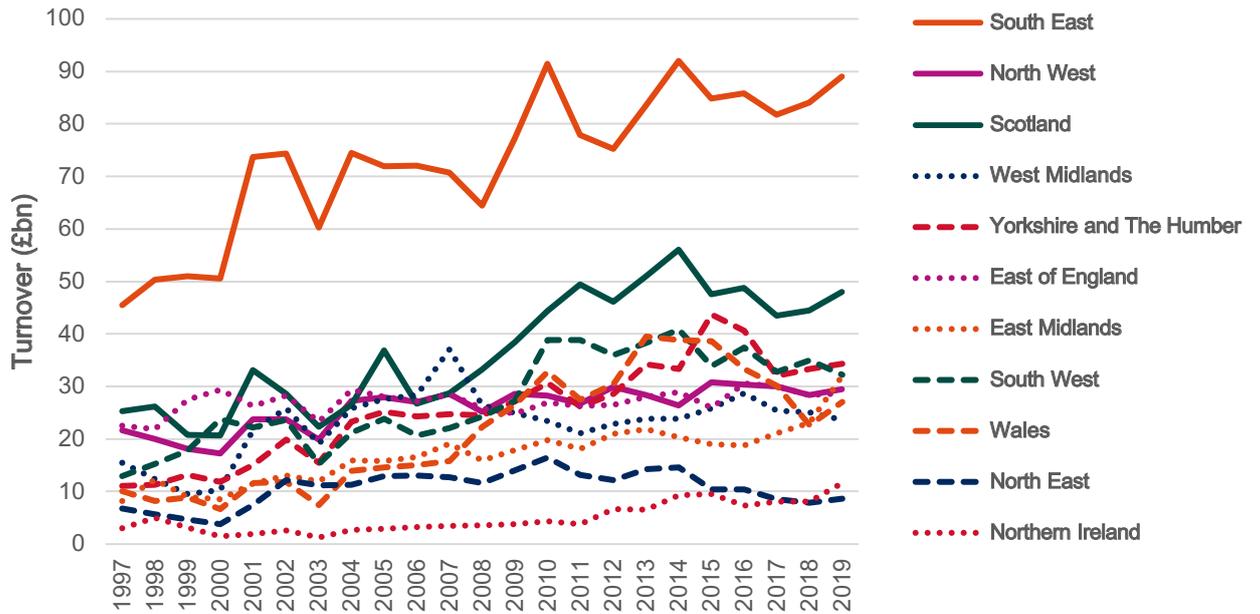
Figure 16: Estimated proportion of total turnover generated by US-owned local business units by region, 2019



²³ As noted in Section 2, we estimate the regional distribution of turnover generated by US-owned local units by apportioning the total national turnover data using proportions of employment in US-owned local units. See Section 2 for further details.

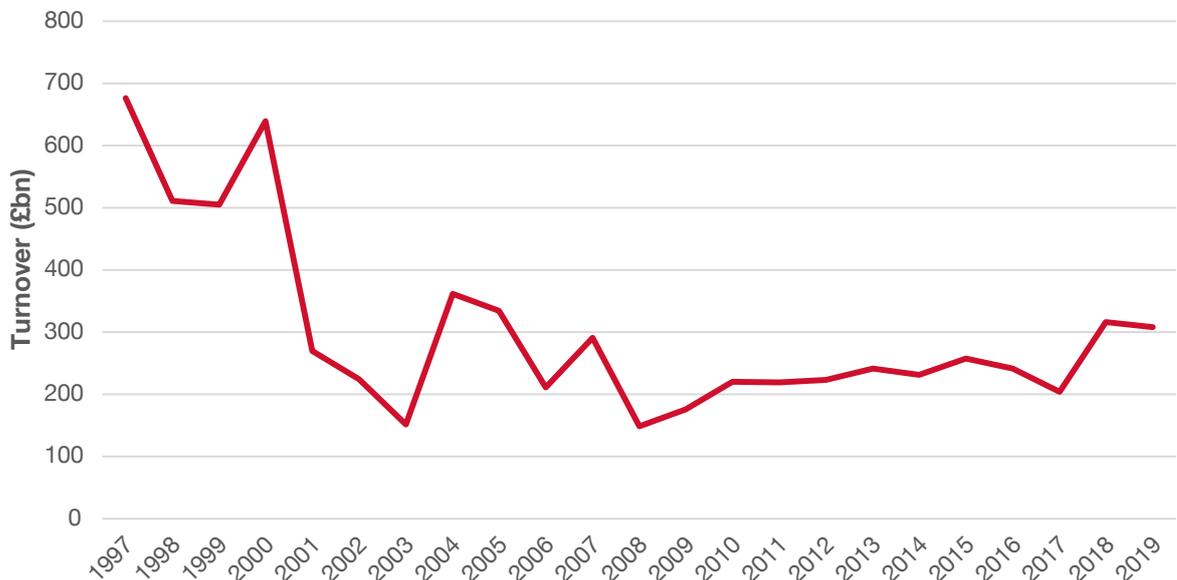
Figures 17 and 18 show time-series data for all NUTS1 regions between 1997 and 2019. London has been separated out into figure 18, with all other regions displayed in figure 17. Outside of London, all regions are estimated to have seen growth in turnover generated by US-owned local business units over the period 1997 to 2019. The East Midlands saw the highest growth, with an increase of 290%. This was followed by Northern Ireland (275%) and Yorkshire and the Humber (208%). The regions that saw the lowest growth rates outside of London were the East of England (27%), the North East (28%), and the North West (36%).

Figure 17: Estimated turnover generated by US-owned local business units in regions outside of London, 1997 to 2019



US-owned local business units in London are estimated to have generated far higher total turnover compared to other regions in 2019. However, looking back over time, and presenting in 2019 prices, turnover from US-owned business units is estimated to have peaked in London between 1997 and 2000. Turnover in 2019 in London is estimated to be 55% lower than in 1997 (in 2019 prices). There are numerous potential reasons for this, but it could include the ‘dotcom’ bubble in the late 1990s. There is also a large fall between the years 2007 to 2009, which may partly be explained by the global financial crisis.

Figure 18: Estimated turnover generated by US-owned local business units in London, 1997 to 2019

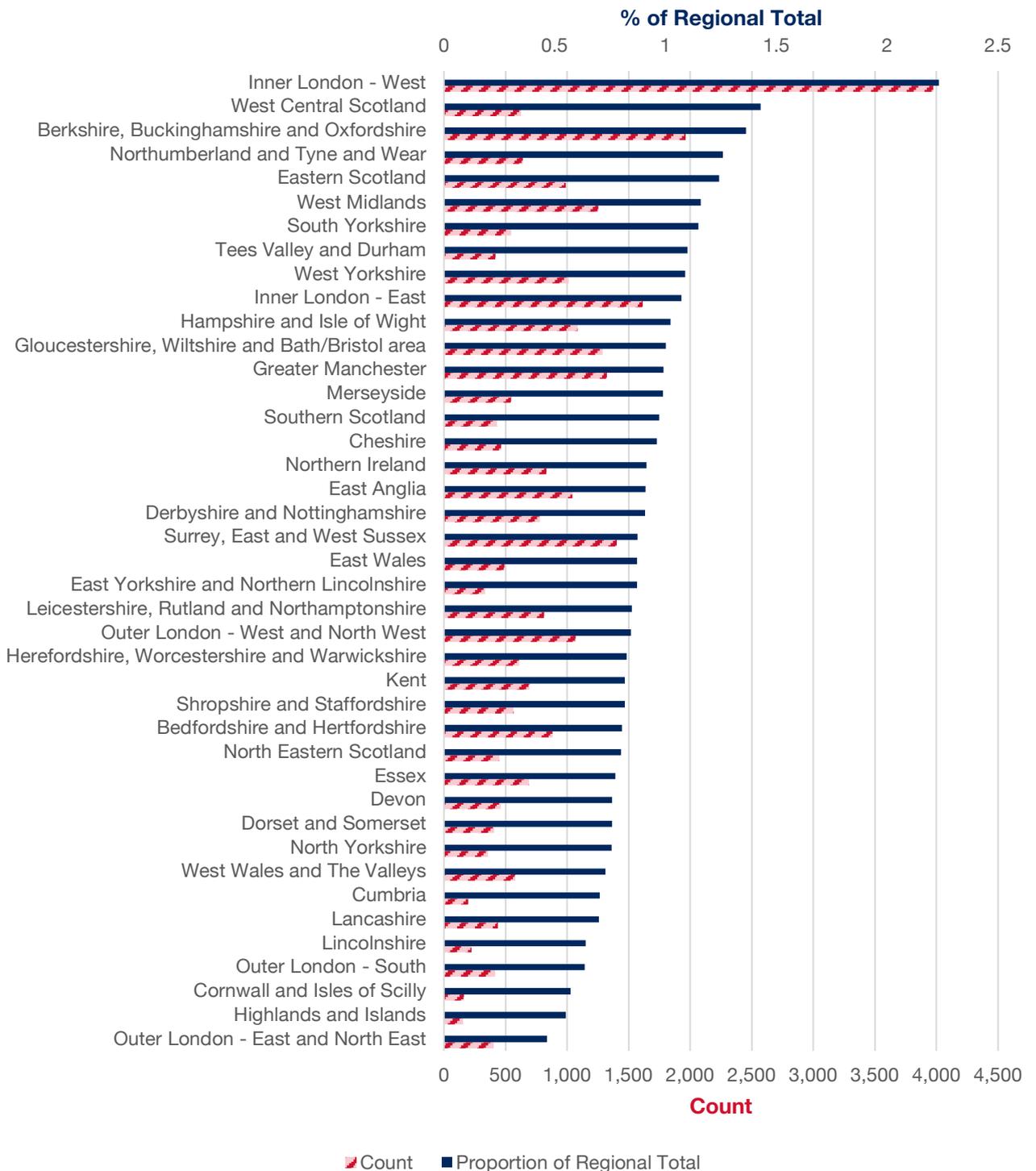


4.2 Regional statistics at NUTS2 (41 Regions)

4.2.1 Count of US-owned local business units

There are US-owned local business units in every UK NUTS2 region. The regions with the most US-owned local business units in 2019 were Inner London West (3,972); Berkshire, Buckinghamshire and Oxfordshire (1,963); and Inner London East (1,616). Inner London West also had the highest proportion of US-owned local business units compared to total business units within the region at 2.2%. This was followed by West Central Scotland (1.4%) and Berkshire, Buckinghamshire and Oxfordshire (1.4%).

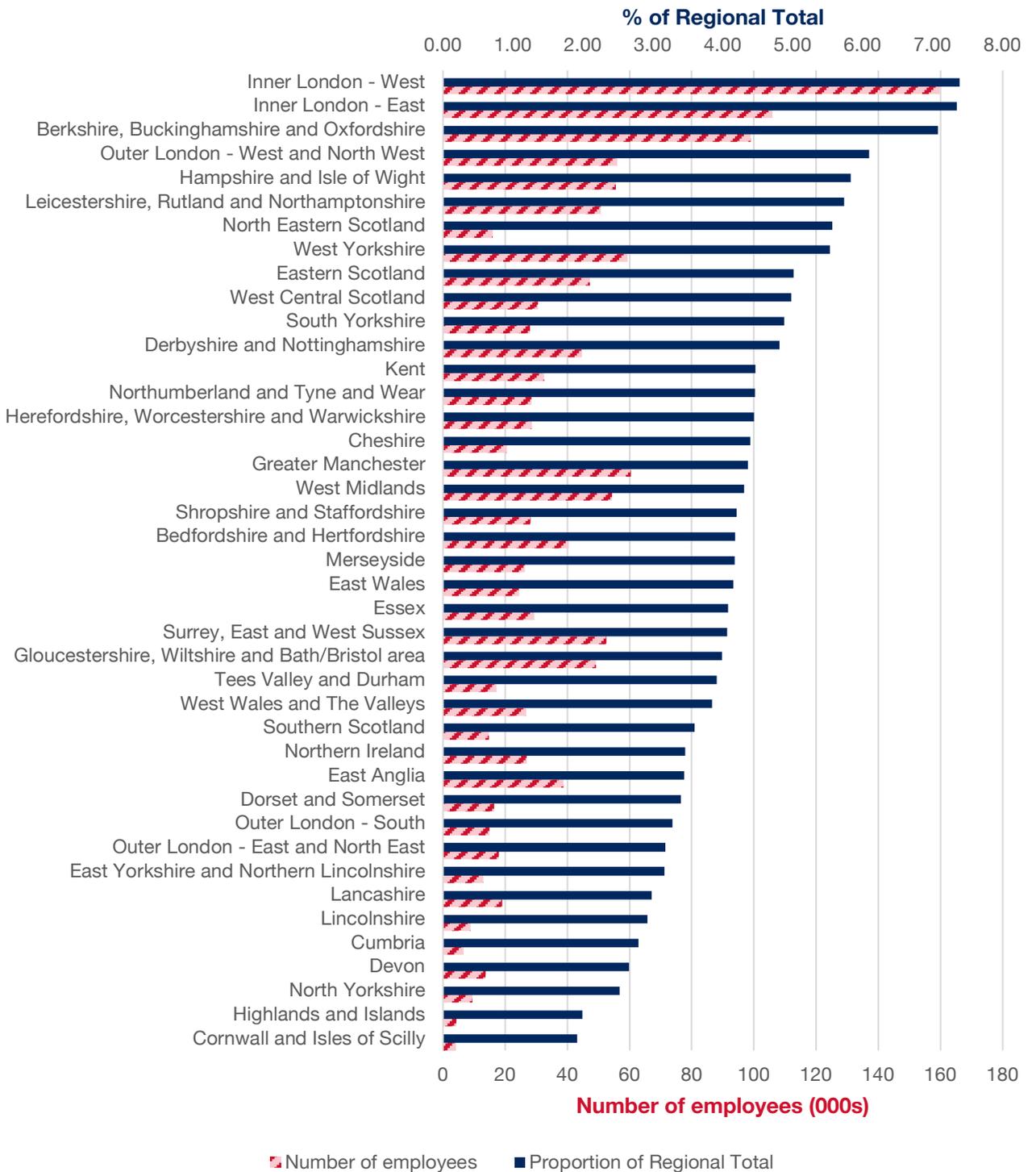
Figure 19: Count of US-owned local business units, NUTS 2, 2019



4.2.2 Employment in US-owned local business units

US-owned local business units employed workers in every NUTS2 region in the UK in 2019. The regions with the greatest employment in US-owned local business units in 2019 were Inner London West (160,000); Inner London East (106,000); and Berkshire, Buckinghamshire and Oxfordshire (99,000). These regions also had the highest proportions of their total workforce employed in US-owned local business units, at 7.4%, 7.3% and 7.1% respectively.

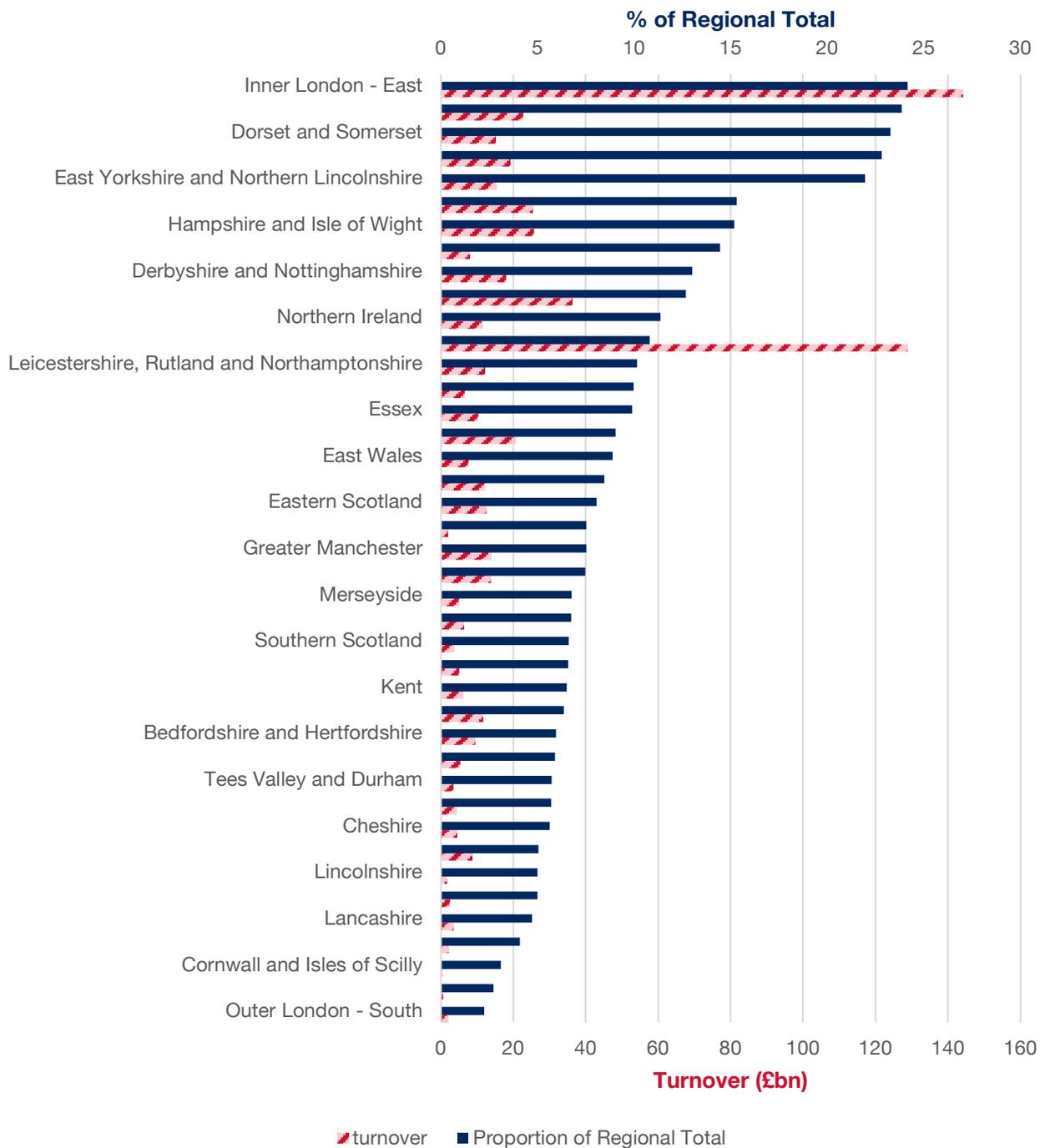
Figure 20: Employment in US-owned local business units, NUTS 2, 2019



4.2.3 Estimated turnover generated by US-owned local business units

We can apportion turnover using proportions of employment in US-owned local business units²⁴. We estimate that the highest levels of turnover generated in NUTS2 regions were in Inner London East and Inner London West, at £144.3 billion and £129.0 billion respectively. This was followed by Berkshire, Buckinghamshire and Oxfordshire, where US-owned local business units generated turnover of £36.4 billion. We estimate the proportion of turnover generated by US-owned business units to total business turnover was highest in Inner London East, at 24.2%. This was followed by West Central Scotland also at 23.9%, and Dorset and Somerset at 23.3%.

Figure 21: Estimated turnover generated by US-owned local business units, NUTS2, 2019



²⁴ As noted in Section 2, we estimate the regional distribution of turnover generated by US-owned local units by apportioning the total national turnover data using proportions of employment in US-owned local units. See Section 2 for further details.

Figure 22: Proportion of US-owned local business units to total local business units, NUTS2, 2019

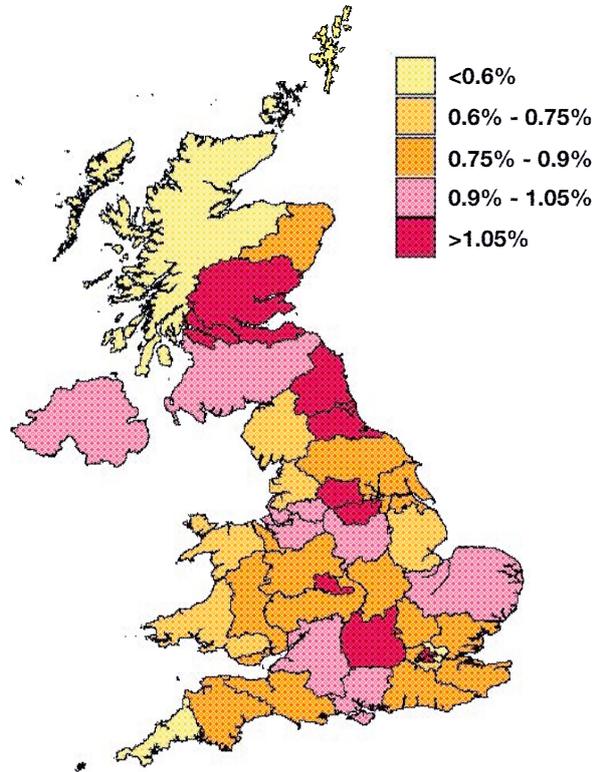


Figure 23: Proportion of employment in US-owned business units to total regional employment, NUTS2, 2019

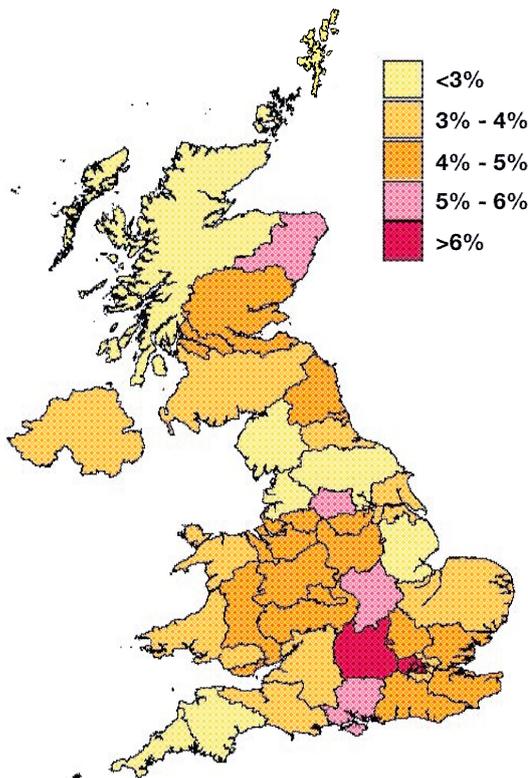
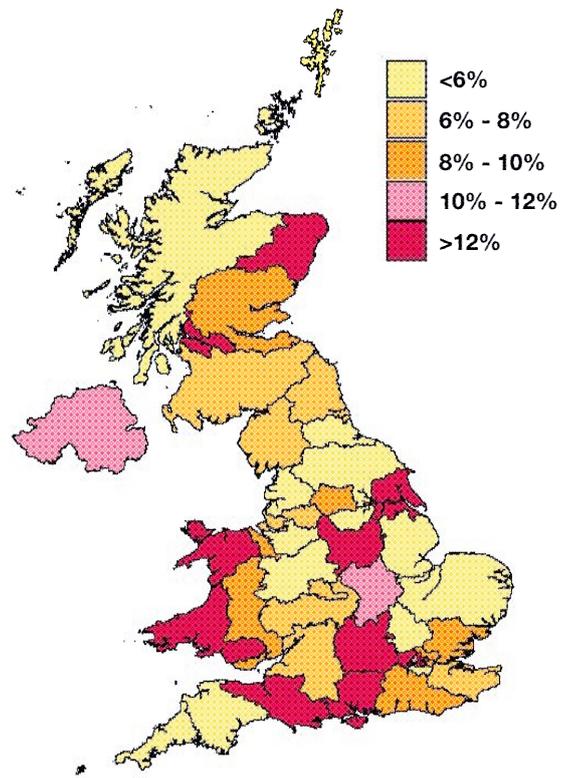


Figure 24: Estimated proportion of turnover generated by US-owned local business units to total turnover generated by businesses in each region, NUTS2, 2019



Section 5: Activity of US-owned multinationals by industry

This section provides descriptive statistics on US-owned business units in the UK across industries. It starts with an overview, then moves into deep-dives across the largest industries for US-owned business investment into the UK. Annex 1 provides further details on the sub-industries included within each industry aggregation presented here.

5.1 Overview: US-owned multinational presence and activity by industry

5.1.1 The picture in 2019

We look first at the number of US-owned local business units operating in the UK by industry. The industry with the greatest number of US-owned local business units operating in the UK is the wholesale and retail trade industry. This industry represents 38% of all US-owned local business units in the UK. 2.2% of all UK local business units in the wholesale and retail trade industry are US-owned. The financial services industry accounts for 9% of all US-owned local business units in the UK. 1.4% of all UK local business units in financial services are US-owned. Manufacturing accounts for 6% of all US-owned local business units in the UK, with 1.3% of all UK local business units in manufacturing being US-owned.

We can look at employment in US-owned businesses as a proportion of total UK employment in an industry. US-owned businesses accounted for 9.1% of all employment in the wholesale and retail trade industry in the UK in 2019, the largest for any industry. The figures for the manufacturing industry and financial services industry were 8.5% and 8.1% respectively in 2019.

Of the 1.48 million UK workers employed in US-owned businesses in 2019, 29% were employed in wholesale and retail trade, the most of any industry. This was followed by 22% in scientific, technical and IT activities, 14% in the manufacturing industry and 9% in financial services.

We also look at turnover of US-owned businesses by industry compared to total turnover in the industry overall. In 2019, US-owned businesses accounted for 17.6% of all UK business turnover in the scientific, technical and IT services industry. In the manufacturing industry, US-owned local business units accounted for 17.6% of total turnover for the industry in the UK. The largest industry in terms of total absolute turnover of US-owned businesses in 2019 was financial services, with a total turnover of £238.8 billion.

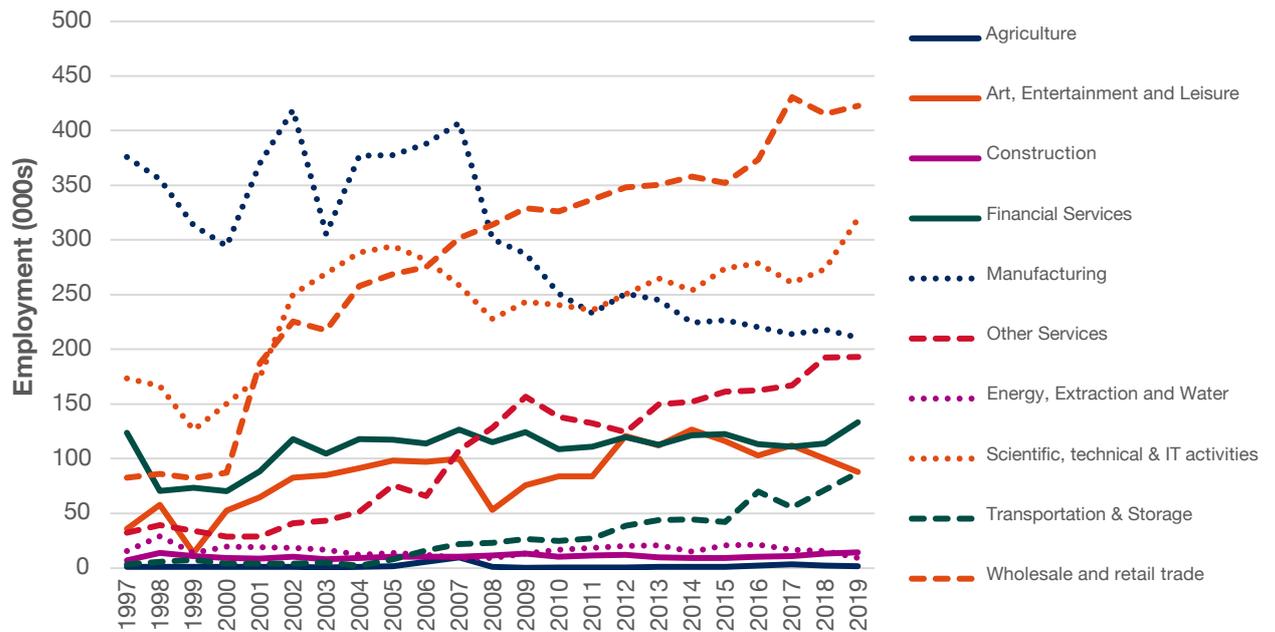
Figure 25: Industry overview in US-owned local business units, 2019



5.1.2 Trends over time

Employment in US-owned local business units has grown the most in wholesale and retail trade since 1997, with 340,000 more employees in 2019 than 1997. This was followed by 'other services', which includes administrative and support services²⁵ (161,000), and scientific, technical and IT services (147,000). There has been a decline in employment in US-owned businesses in manufacturing, with employment falling by 165,000 since 1997.

Figure 26: Employment in US-owned businesses across industries, 1997 to 2019

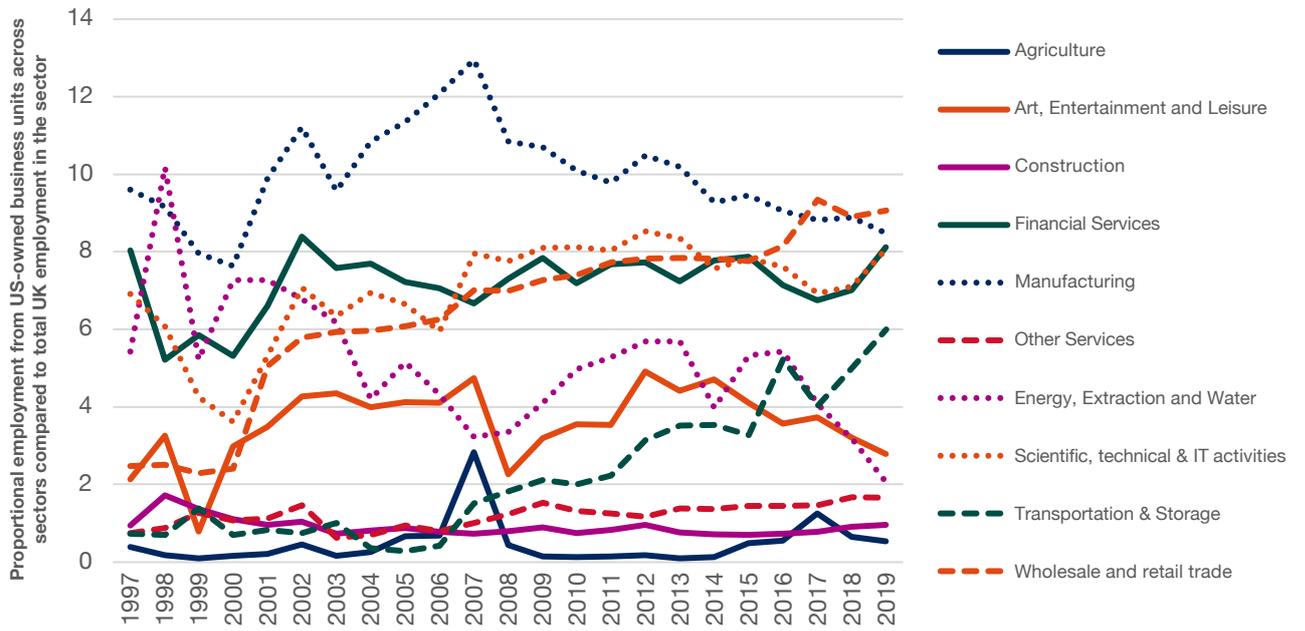


We also look at the evolution of employment in US-owned business as a proportion of total UK employment, by industry. 9.1% of employment in the wholesale and retail trade industry was in US-owned businesses – the highest of any industry and up 6.6 percentage points from 1997. In 2019, US-owned businesses accounted for 8.5% of total UK employment in the manufacturing industry, having fallen from 9.6% in 1997.

Between 1997 and 2019, transportation and warehousing, wholesale and retail trade, and other services saw the largest growth in proportion of UK employment in US-owned businesses. This demonstrates that US-owned business units are becoming increasingly important to the UK economy in these industries.

²⁵ Other Services' includes industry codes N, O, P, Q, S, T and U. Please refer to Annex 1 for further details.

Figure 27: Proportion of total UK employment employed in US-owned businesses, by industry, 1997 to 2019



5.2 Industry factsheets

This section provides data on the presence of US-owned local business units across 10 industries of the UK economy.

5.2.1 Wholesale and Retail Trade



12,255 local business units, 423,000 employees, £136.8 billion turnover

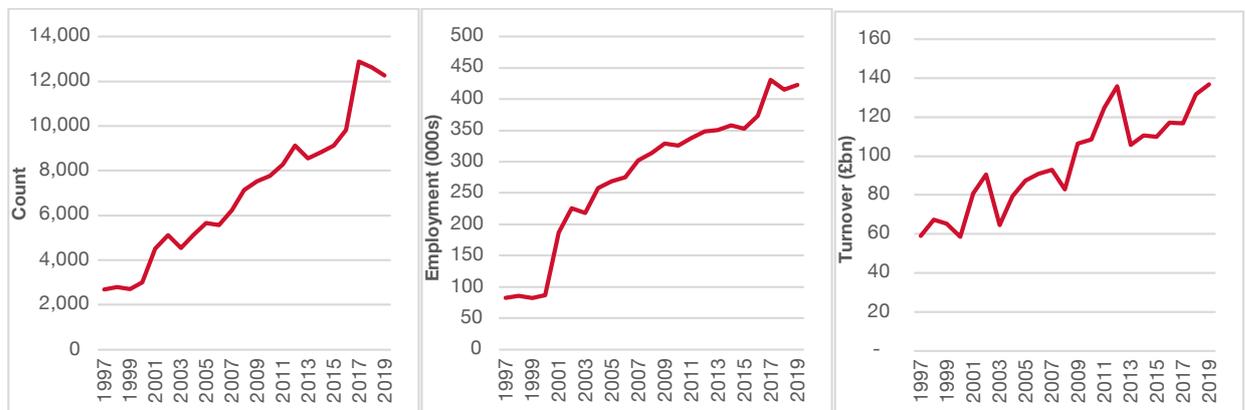
Trends over time

There has been a steady increase in the number of US-owned local business units in the UK wholesale and retail trade industry since 1997. In 2019, there were 12,255 active US local business units, a 350% increase since 1997. The peak number of US local business units was in 2017 where 12,881 US local business units were active.

Employment in US-owned businesses within the wholesale and retail trade industry has also increased rapidly since 1997. In 2019, 423,000 people were employed, down from an all-time high of 431,000 in 2017. This is an increase since 1997, when 83,000 people were employed.

Turnover (in 2019 prices) has also soared since 1997, though more unstable in its growth. 2019 saw the highest turnover recorded for US-owned businesses in this industry in the UK (£136.8 billion) - more than double the 1997 turnover (£59.1 billion).

Figure 28: Count, employment & turnover (2019 prices) of US-owned local business units in the UK wholesale and retail trade industry, 1997 to 2019

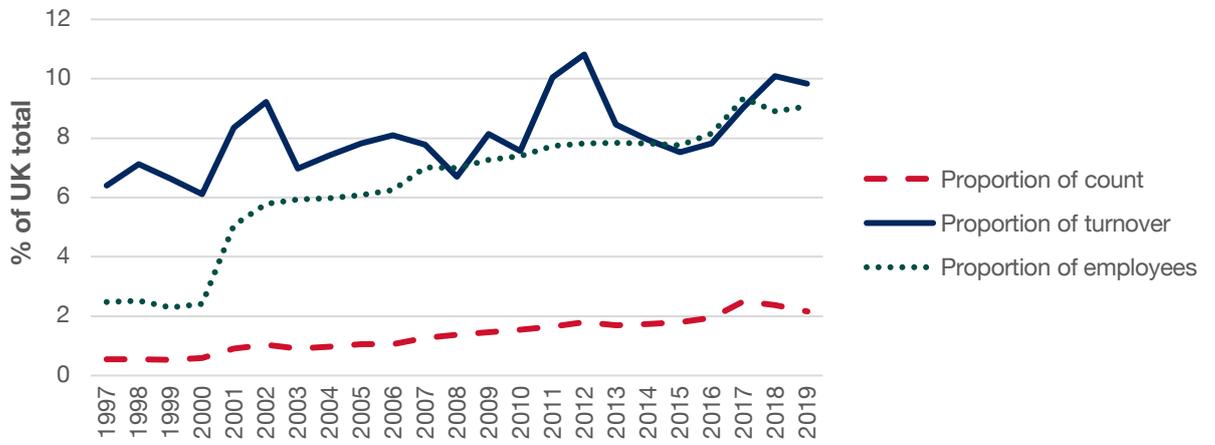


US multinationals in the context of the industry in the UK

There has been growth in the relative importance of US-owned businesses in the context of the industry in the UK. Since 1997, the proportion of local business units in the UK in this industry which were US-owned has increased by 1.6 percentage points, to 2.2%.

There has also been an increase in the relative importance of US-owned local business units in employment and turnover for this industry. The proportion of employment in US-owned businesses in this industry increased 6.6 percentage points between 1997 and 2019 to around 9%. The proportion of total industry turnover generated by US-owned businesses has increased by 3.4 percentage points from 1997 (in 2019 prices). US-owned local business units generated almost 10% of UK wholesale and retail trade industry turnover in 2019.

Figure 29: Proportion of US-owned local business units and their employment and turnover in the UK wholesale and retail trade industry, 1997 to 2019



5.2.2 Scientific, Technical and IT Services



5,796 local business units, 320,000 employees, £122.5 billion turnover

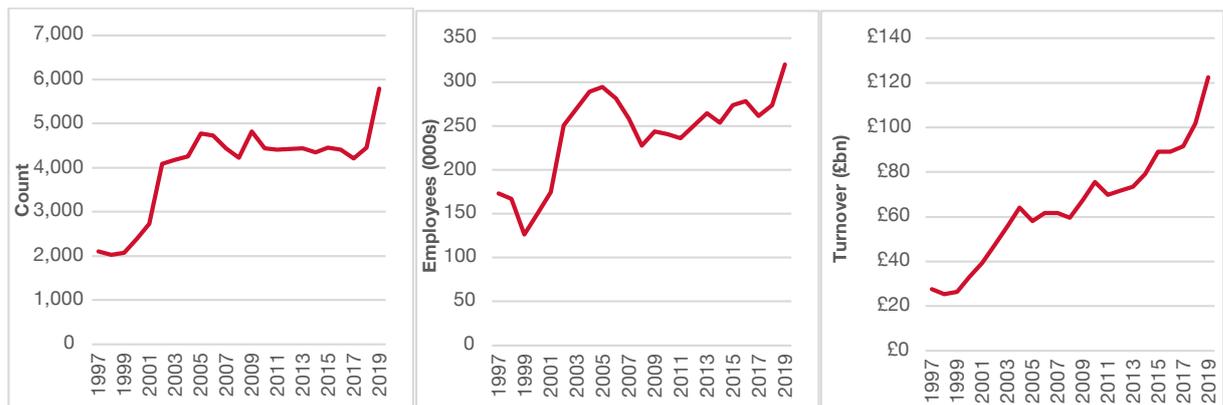
Trends over time

US-owned local business units in the scientific, technical and IT services industry in the UK have seen periods of strong growth since 1997. In 2019 there were 5,796 active US local business units; this is significantly higher than the 1997 figure (2,109).

Employment in US-owned businesses in this industry has also seen a rapid increase since 1997, with 2019 seeing an all-time high of 320,000 employees. This all-time high is nearly double the 1997 figure of 173,000.

Following the trend, turnover of US-owned businesses (in 2019 prices) in this industry has also seen a large increase from £27.4 billion in 1997 to £122.5 billion in 2019.

Figure 30: Count, employment & turnover (2019 prices) of US-owned local business units in the UK scientific, technical and IT industry, 1997 to 2019

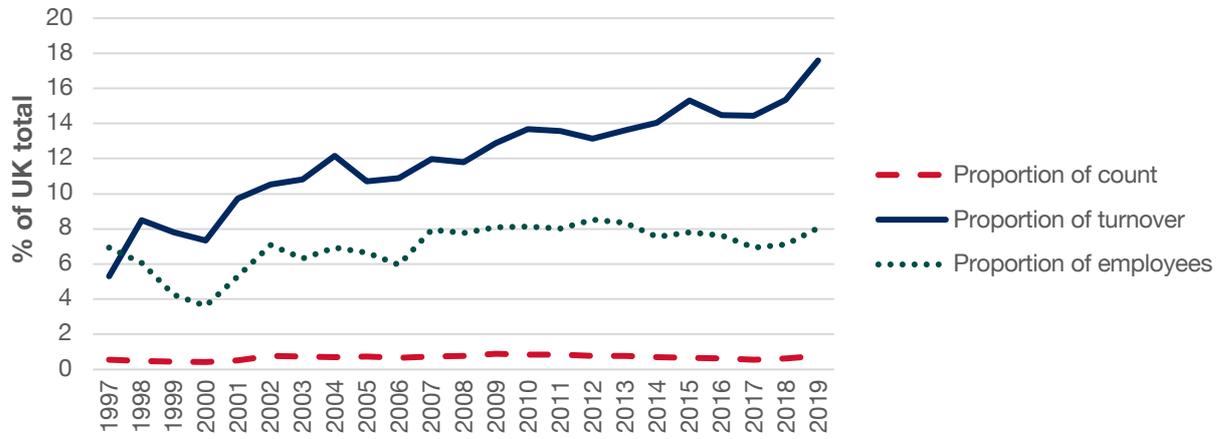


US multinationals in the context of the industry in the UK

The proportion of US-owned local business units in the scientific, technical and IT industry in the UK as a whole has risen. In 1997, US-owned local business units made up just over 0.5% of all local business units in this industry, and by 2019 this increased to 0.78%. This suggests the number of US-owned local business units have grown faster than the number of local units in the industry overall in the UK.

The proportion of UK employment in the industry was more volatile, but did increase slightly over the period (around 1.2 percentage points to 8.1%). On the other hand, turnover generated by US-owned businesses in the industry more than tripled from 5.3% in 1997 to 17.6% in 2019. This indicates that US-owned businesses are becoming increasingly important in the industry, and tend to be much larger than the average business in the industry.

Figure 31: Proportion of US-owned local business units and their employment and turnover in the UK scientific, technical and IT services industry, 1997 to 2019



5.2.3 Manufacturing



2,027 local business units, 211,000 employees, £97.5 billion turnover

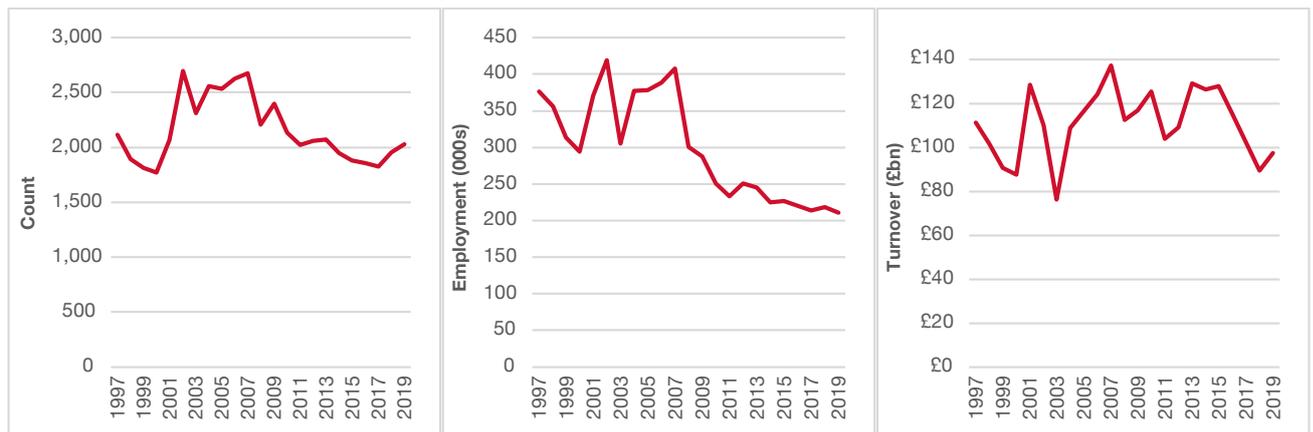
Trends over time

Since 1997, there has been fluctuation in the number of US-owned local business units in the manufacturing industry in the UK. In 2019, there were 2,027 active manufacturing US local business units, which was 90 less than the 1997 figure. The peak number of US local business units was in 2002, where 2,696 US-owned local business units were active.

The number of local business units overall in this industry remained relatively unchanged between 1997 and 2019. Employment in US-owned local business units within the manufacturing industry in the UK has declined since 1997. In 2019, around 211,000 people were employed in US-owned businesses in the industry, down from 376,000 in 1997. The high for this period was 419,000 in 2002.

In 2019, US-owned businesses in the manufacturing industry generated £97.5 billion in turnover, down from £111.4 billion in 1997. The 2019 figure is between the lowest figure of £76.2 billion in 2003 and the highest of £137.3 billion in 2007 (all in 2019 prices).

Figure 32: Count, employment & turnover (2019 prices) of US-owned local business units in the UK manufacturing industry, 1997 to 2019

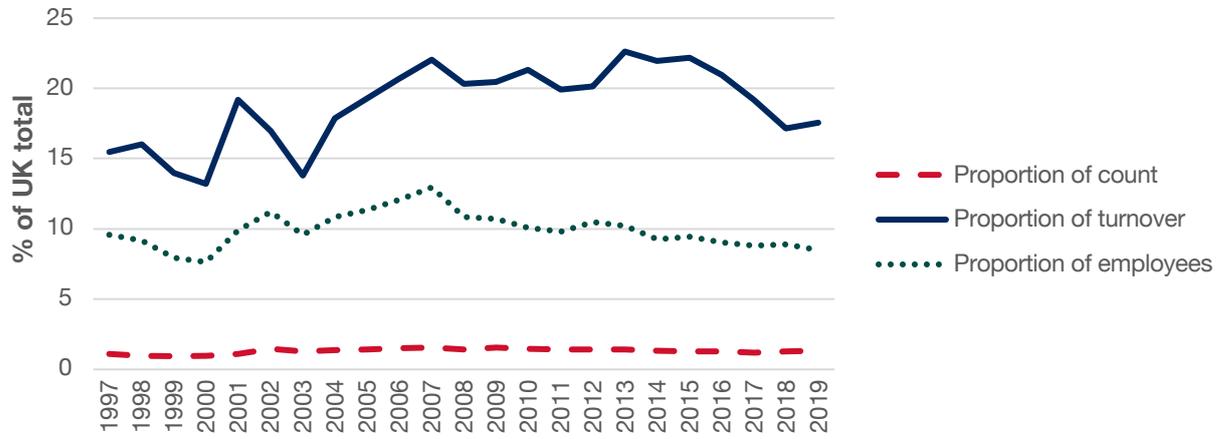


US multinationals in the context of the industry in the UK

There is a mixed picture when considering the relative performance of US-owned local business units compared to the industry across the UK as a whole. The proportion of total local business units which are US-owned has increased from 1.1% in 1997 to 1.3% in 2019.

The proportion of total employment in the industry from US-owned businesses fell from 9.6% in 1997 to 8.5% in 2019, below the 2007 peak of 13%. Conversely, the proportion of total turnover (in 2019 prices) in the industry generated by US-owned businesses increased from 15.5% in 1997 to 17.6% in 2019. The proportion of turnover in this industry generated by US-owned businesses peaked in 2013 at 22.6%.

Figure 33: Proportion of US-owned local business units and their employment and turnover in the UK manufacturing industry, 1997 to 2019



5.2.4 Other Services²⁶



5,016 local business units, 193,000 employees, £38.1 billion turnover

This industry includes the following sub-industries amongst others: administrative and support service activities; public administration and defence and compulsory social security; education; human health and social work activities; other service activities. Please see annex 1 for a full list of sub-industries included.

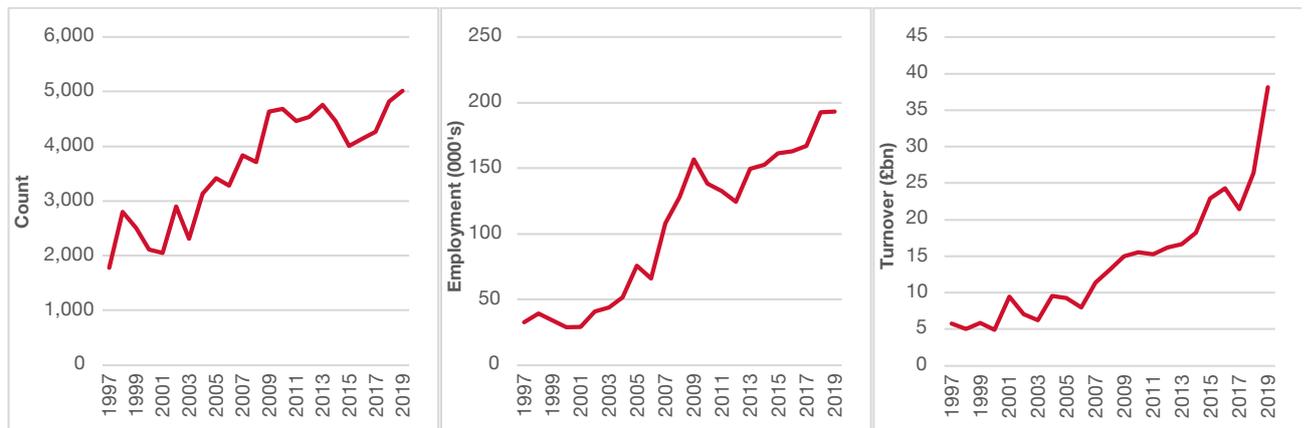
Trends over time

In 1997, there were 1,779 US-owned local business units in 'other services' sub-industries. Since then, there has been significant growth. In 2019 US-owned local business units in the industry reached an all-time high of 5,016 local business units, up over 180% from the 1997 figure. Growth was reasonably steady throughout the period.

The 'other services' industry experienced rapid growth in employment in US-owned businesses, rising over 450% from 33,000 in 1997 to an all-time high of 193,000 in 2019.

US-owned businesses in the 'other services' industry generated £5.8 billion turnover in 1997 (in 2019 prices). In 2019, this rose to an all-time high of £38.1 billion.

Figure 34: Count, employment & turnover (2019 prices) of US-owned local business units in 'other services', 1997 to 2019



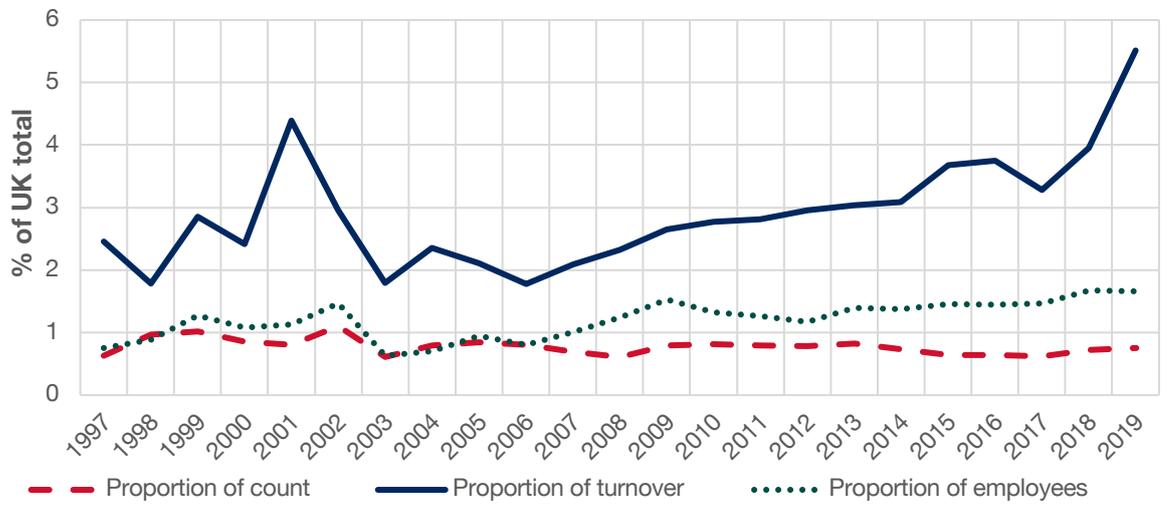
US multinationals in the context of the industry in the UK

The proportion of total local business units in 'other services' across the UK that are US-owned has increased from 0.6% in 1997 to 0.8% in 2019. US-owned local businesses in this sector have therefore slightly exceeded growth seen across the industry in the UK as a whole.

As a proportion of total employment in this industry in the UK, employment in US-owned businesses rose from 0.8% to 1.7% in 2019. The proportion of industry turnover generated by US-owned businesses rose from 2.5% in 1997 to 5.5% in 2019. The proportion of industry turnover by US-owned businesses rose steeply in the last few years of the period.

²⁶ Other Services' includes industry codes N, O, P, Q, S, T and U. Please refer to [annex 2] for further details.

Figure 35: Proportion of US-owned local business units and their employment and turnover in the UK 'other services' industry 1997 to 2019



5.2.5 Financial services



2,918 local business units, 133,000 employees, £238.8 billion turnover

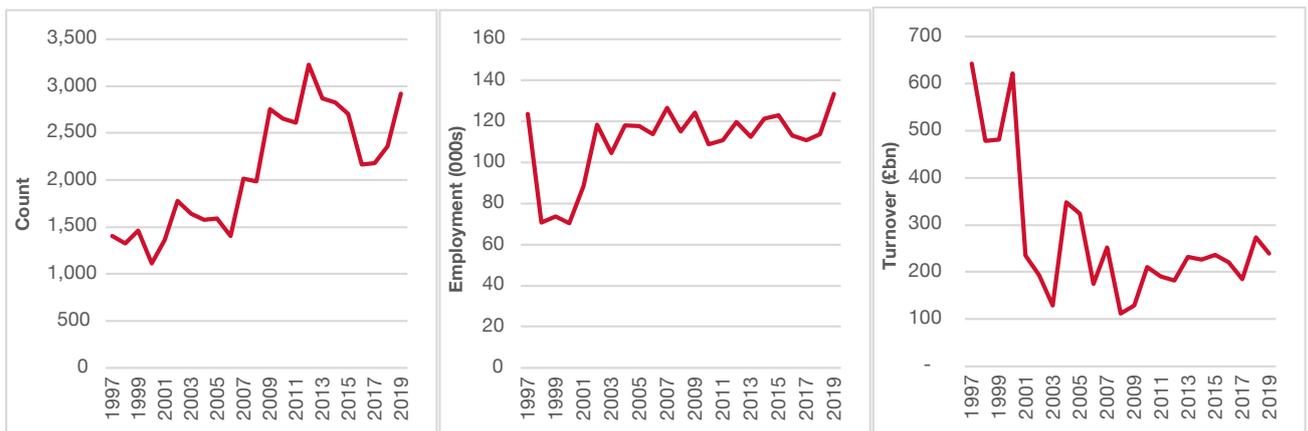
Trends over time

The number of US-owned local business units in the UK financial services industry has considerably grown since 1997. In 2019, there were 2,918 US-owned local business units, more than double the figure in 1997. The peak number of US-owned local business units was in 2012, with 3,229 US-owned local business units.

The number of employees in US-owned financial services businesses grew by around 8% in the period 1997 to 2019, with 133,000 employed in 2019.

US-owned businesses in the financial services industry generated £642.5 billion turnover in 1997 (in 2019 prices). This reached a low of £111.9 billion in 2008, but has recovered since then, rising to £238.8 billion in 2019.

Figure 36: Count, employment & turnover (2019 prices) of US-owned business units in the UK financial services industry, 1997 to 2019



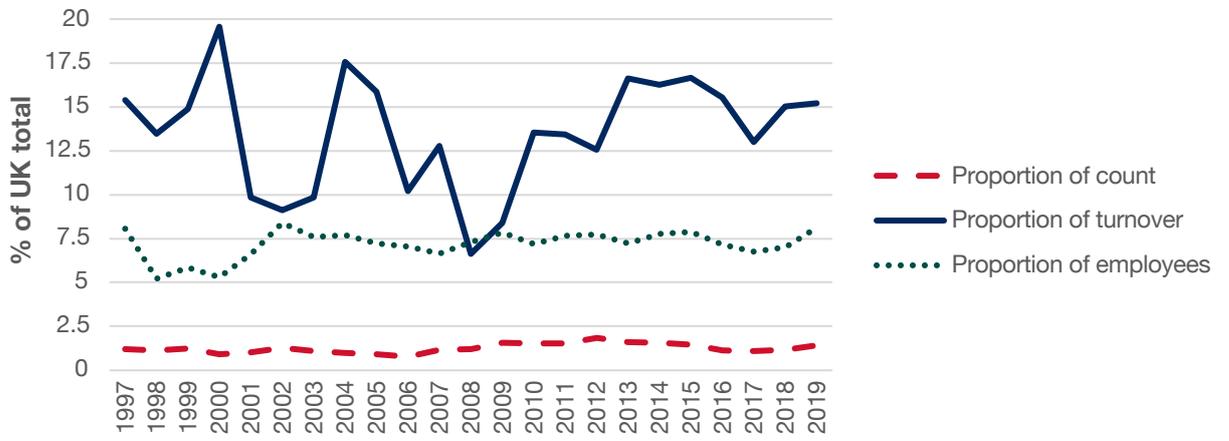
US multinationals in the context of the industry in the UK

Since 1997, proportion of total UK local business units in this industry which are US-owned has increased from 1.2% in 1997 to 1.4% in 2019.

The proportion of total UK employment in the industry which was in US-owned businesses has remained stable since 1997, at 8.1% in 2019.

The proportion of total turnover in the industry generated by US-owned businesses was similar in 1997 (15.4%) and 2019 (15.2%), despite volatility between these years. It reached a high of 19.6% in 2000, but dropped to 6.6% in 2008.

Figure 37: Proportion of US-owned local business units and their employment and turnover in the UK financial services industry, 1997 to 2019



5.2.6 Arts, Entertainment and Leisure



3,153 local business units, 88,000 employees, £6.5 billion turnover

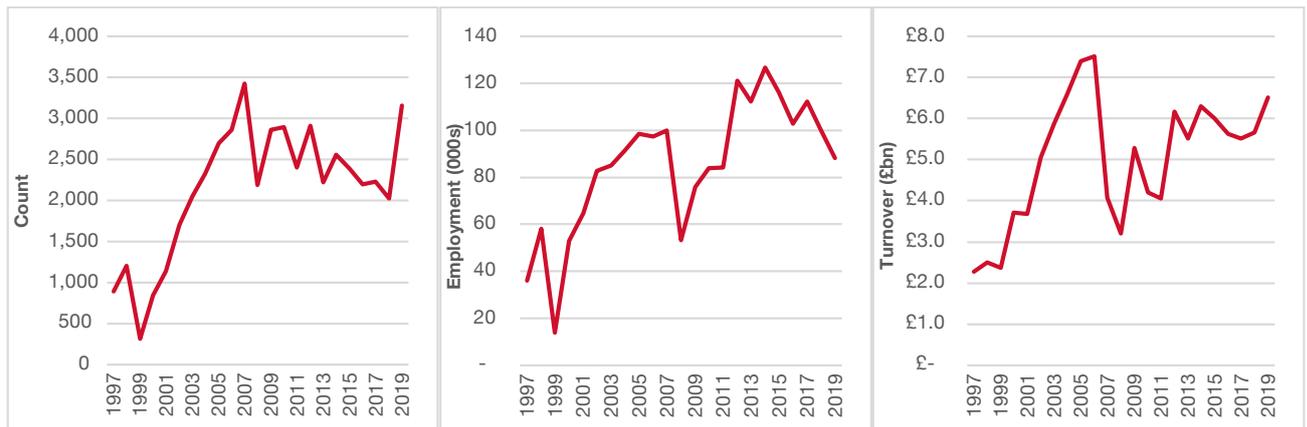
Trends over time

The number of US-owned local business units in the UK arts, entertainment and leisure industry has considerably grown since 1997. In 2019, there were 3,153 US-owned local business units, over 250% greater than the figure in 1997. The peak number of US-owned local business units was in 2007, with 3,424 US-owned local business units.

The number of employees in US-owned arts, entertainment and leisure businesses in the UK has more than doubled since 1997, with around 88,000 employed in 2019. However, this is lower than the peak seen in 2014.

US-owned businesses in the arts, entertainment and leisure industry in the UK generated around £2.3 billion turnover in 1997 (in 2019 prices). This has risen to £6.5 billion in 2019, but below the peak seen in the mid-2000s.

Figure 38: Count, employment & turnover (2019 prices) of US-owned local business units in the UK arts, entertainment and leisure industry, 1997 to 2019

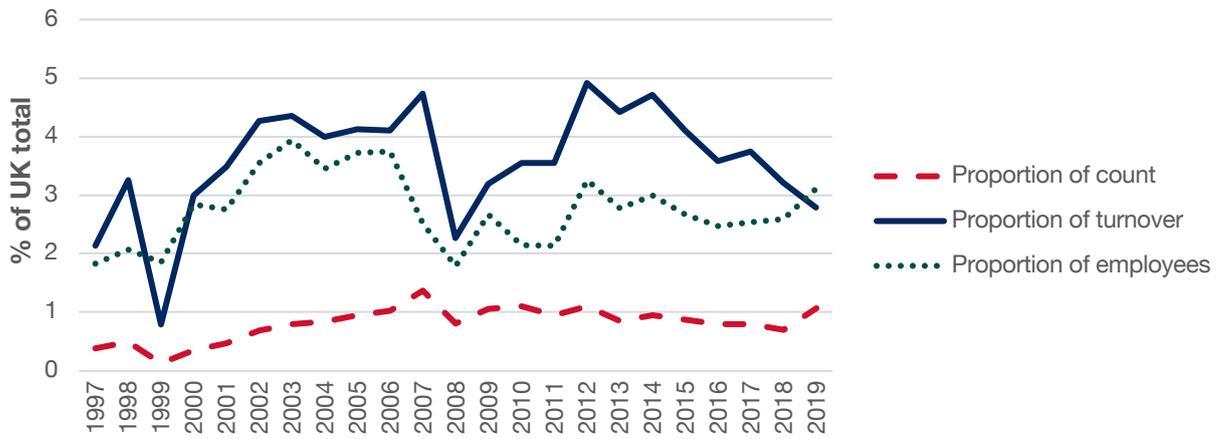


US multinationals in the context of the industry in the UK

The proportion of total UK local business units in the arts, entertainment and leisure industry which are US-owned increased from 0.4% in 1997 to 1.1% in 2019. Similarly, the proportion of total employment in the UK industry which was in US-owned businesses has risen, from 2.1% in 1997 to 2.8% in 2019.

The proportion of total turnover in the industry which was generated by US-owned businesses has also risen, from 1.8% in 1997 to 3.1% in 2019.

Figure 39: Proportion of US-owned local business units and their employment and turnover in the UK arts, entertainment and leisure industry, 1997 to 2019



5.2.7 Transportation and Warehousing



950 local business units, 87,000 employees, £19.9 billion turnover

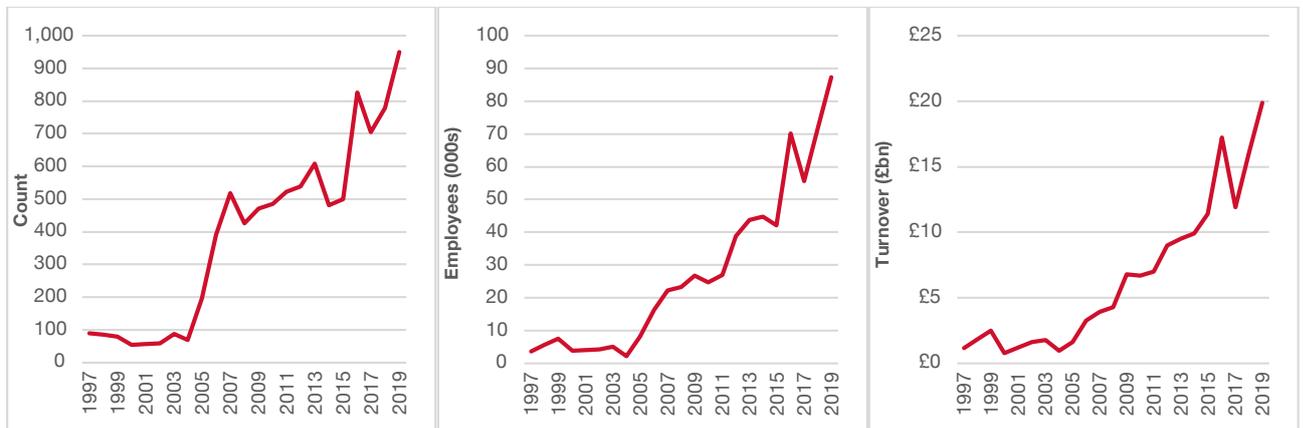
Trends over time

The number of US-owned local business units in the UK transportation and warehousing industry has considerably grown since 1997. In 2019, there were 950 US-owned local business units, over 10 times greater than the figure in 1997 (90).

The number of employees in US-owned transportation and warehousing businesses in the UK rose from 3,700 in 1997 to around 87,000 employed in 2019.

US-owned businesses in the transportation and warehousing industry in the UK generated around £1.1 billion turnover in 1997 (in 2019 prices). This has risen to £19.9 billion in 2019.

Figure 40: Count, employment & turnover (2019 prices) of US-owned local business units in the UK transportation and warehousing industry, 1997 to 2019

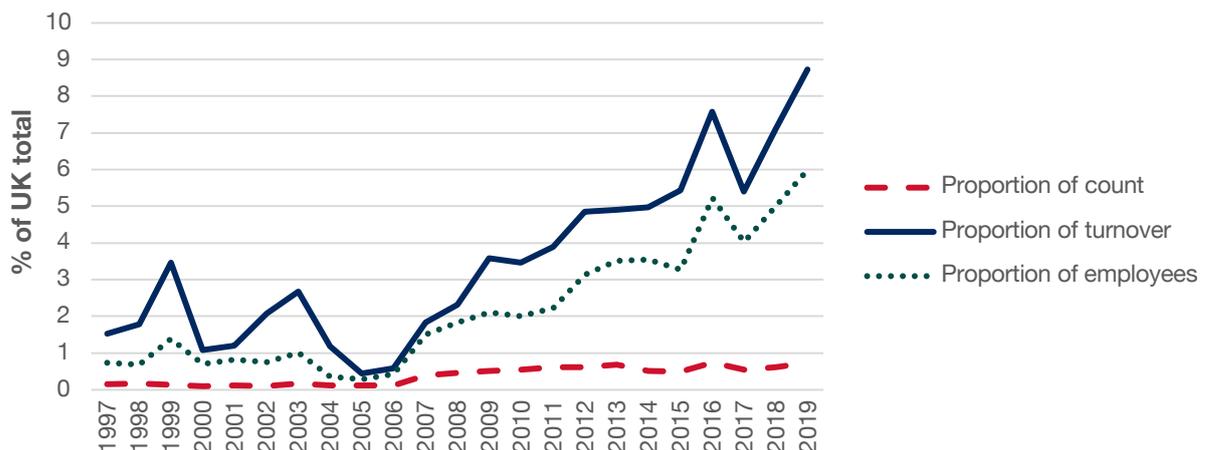


US multinationals in the context of the industry in the UK

The proportion of total local business units in the transportation and warehousing industry which are US-owned increased from 0.2% in 1997 to around 0.7% in 2019. There was growth in the proportion of total employment in the industry which was in US-owned businesses, rising from 0.7% in 1997 to 6% in 2019.

The proportion of total turnover in the industry which was generated by US-owned businesses also rose, from 1.5% in 1997 to 8.7% in 2019.

Figure 41: Proportion of US-owned local business units and their employment and turnover in the UK transportation and warehousing industry, 1997 to 2019



5.2.8 Construction



336 local business units, 14,000 employees, £3.2 billion turnover

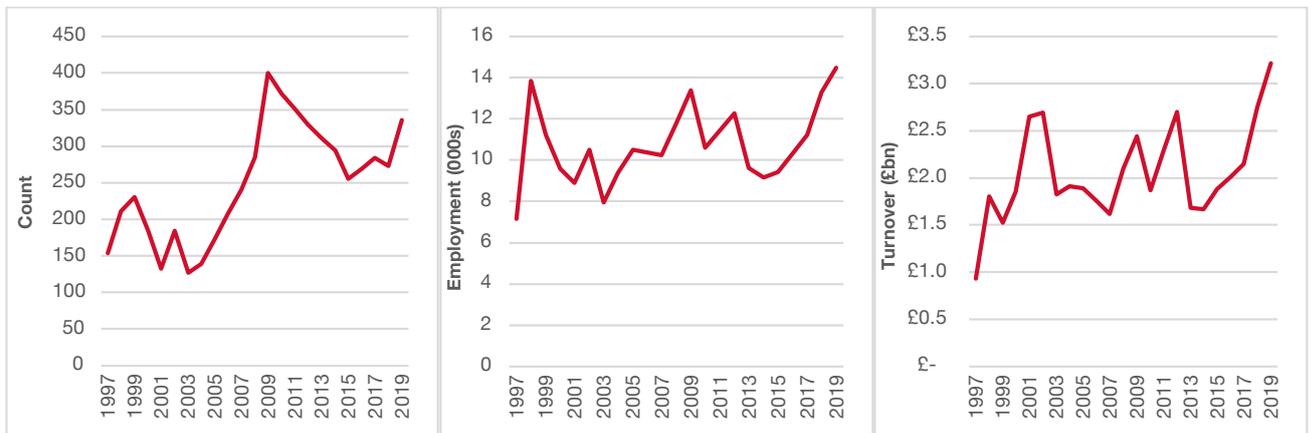
Trends over time

The number of US-owned local business units in the UK construction industry has grown since 1997. In 2019, there were 336 US-owned local business units in this industry, over double the 1997 figure (154), below a high of 400 in 2009.

The number of employees in US-owned construction businesses rose from 7,000 in 1997 to around 14,000 in 2019, however there was volatility over the period.

US-owned businesses in the construction industry generated £0.9 billion turnover in 1997 (in 2019 prices). This rose to £3.2 billion in 2019, although again, there was some volatility in the period.

Figure 42: Count, employment & turnover (2019 prices) of US-owned business units in the UK construction industry, 1997-2019

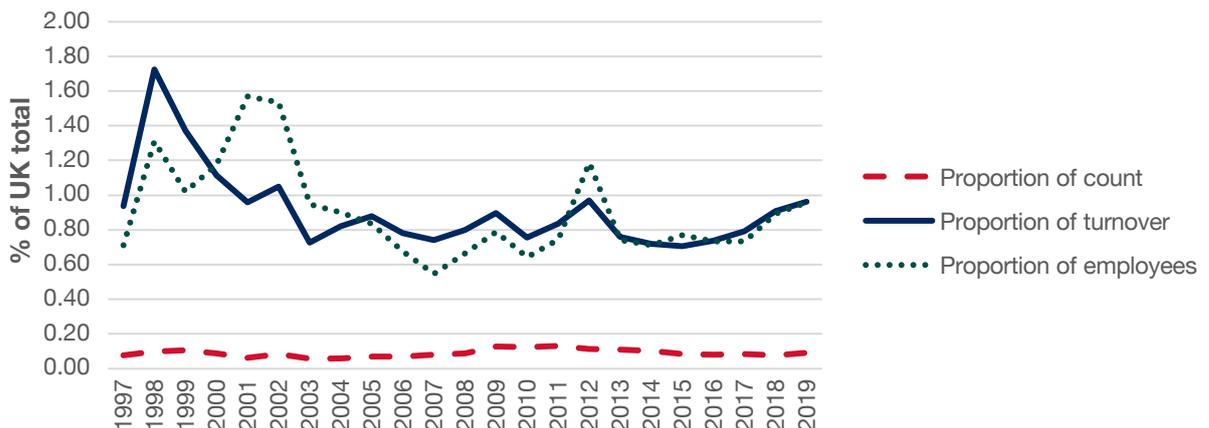


US multinationals in the context of the industry in the UK

The proportion of total UK local business units in the construction industry which are US-owned remained stable over the period 1997 to 2019 - around 0.1%. The proportion of total employment in the industry in US-owned businesses rose from 0.9% in 1997 to 1.0% in 2019, with fluctuations over the period.

The proportion of total UK turnover in the industry which was generated by US-owned local business units peaked in 2001 at 1.6%. In 2019, it was around 1%.

Figure 43: Proportion of US-owned local business units and their employment and turnover in the UK construction industry, 1997 to 2019



5.2.9 Energy, Extraction and Water



156 local business units, 9,000 employees, £8.4 billion turnover

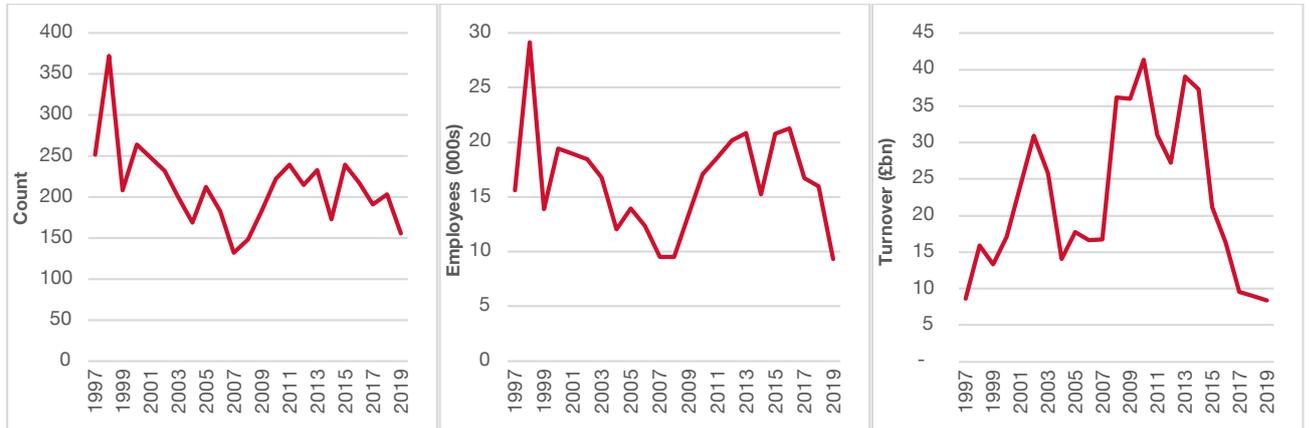
Trends over time

The number of US-owned local business units in the UK energy, extraction and water industries declined over the period 1997 to 2019. In 2019, there were 156 US-owned local business units in this industry, below a high of 372 in 1998.

Employment in US-owned businesses in the energy, extraction and water industries in the UK fell from 29,000 in 1998 to around 9,000 employed in 2019.

Turnover of US-owned businesses in the energy, extraction and water industries in the UK saw some fluctuations over the period 1997 to 2019. In 1997, they generated £8.6 billion turnover (in 2019 prices), falling to around £8.4 billion in 2019 and below a 2010 high of £41.3 billion.

Figure 44: Count, employment & turnover (2019 prices) of US-owned local business units in the UK energy, extraction and water industries, 1997 to 2019

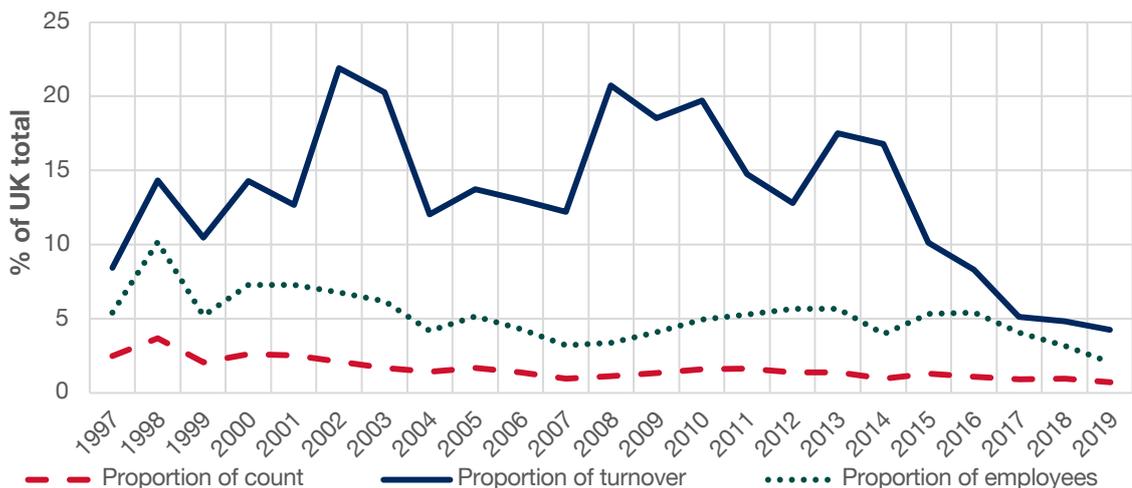


US multinationals in the context of the industry in the UK

The proportion of UK local business units in the energy, extraction and water industries which are US-owned fell from 2.5% in 1997 to 0.7% in 2019. The proportion of total employment in the industry which was in US-owned businesses fell from 5.4% in 1997 to 2.1% in 2019.

The proportion of total UK turnover in the industry which was generated by US-owned businesses halved from around 8.4% in 1997 to 4.2% in 2019.

Figure 45: Proportion of US-owned local business units and their employment and turnover in the UK energy, extraction and water industry, 1997 to 2019



5.2.10 Agriculture



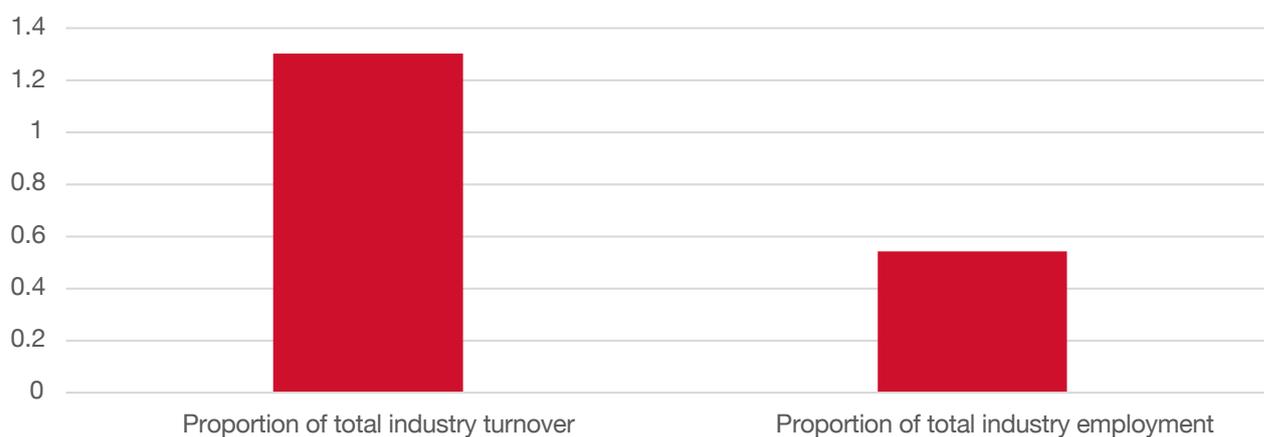
39 local business units, 2,000 employees, £0.6 billion turnover

It should be noted that limited information on the agriculture industry has been provided to avoid statistical disclosure.

There were 39 US-owned local business units in the UK agriculture industry in 2019, with around 2,000 employees. Turnover of US-owned businesses in the agriculture industry was around £600 million in 2019.

The proportion of local UK business units in the agriculture industry which are US-owned was less than 0.1% in 2019. The proportion of total employment in the industry in the UK which was in US-owned businesses was around 0.5%. The proportion of total turnover in the industry which was generated by US-owned local business units was around 1.3%.

Figure 46: Percentage of UK agriculture industry employment and turnover made up by US-owned businesses, 2019



Section 6: Conclusion

FDI has been important in the rapid evolution of international economic integration in recent decades, with its ability to create long-term links between economies. Under the right policy environment, FDI has served as an important vehicle for business development. It has helped improve the competitive position of both the recipient (host) and the investing (home) economy, including through increased production and innovation. This is largely achieved through increased competition, knowledge, and technological spillovers between economies, and providing the host economy an opportunity to promote its products in international markets.

This report provides a comprehensive overview of the activities and presence of US-owned multinationals across the UK. It leverages the Business Structural Database (BSD), a comprehensive database capturing almost all business units in the UK, derived from a range of sources. It maps US-owned local business units geographically and across industries for the years 1997 to 2019. It provides a detailed snapshot of the number of US-owned local business units in the UK, their employment of the UK workforce, as well as their estimated turnover.

The report draws upon DIT's March 2021 publication 'Estimating FDI and its impact in the United Kingdom'²⁷. It estimates the gross value add (GVA), as a measure of economic impact, of US-owned businesses on the UK economy over the period 2010 to 2019.

Main findings

US-owned local business units have a significant presence across the whole of the UK, and a positive impact on the UK economy. This includes job creation and generation of turnover, among other factors. In 2019, there were 32,646 US-owned local business units in the UK, employing nearly 1.5 million people and generating a turnover of £672.3 billion.

US-owned local business units make a disproportionately positive contribution to the UK economy. US-owned local business units accounted for 1% of all business units in the UK in 2019, but generated 11.4% of business turnover. Almost 1 in every 20 UK workers, or 4.7%, worked for a US-owned business in 2019.

US-owned local business units continue to invest in all regions in the UK and make substantial contributions to local economies. Around 60% of all employment in US-owned local business units falls outside of London and the South East. This suggests investment from the US is contributing to levelling up.

The number of US-owned local business units has at least doubled in every UK region in the last 20 years. Turnover of US-owned businesses in the UK nearly doubled between 2003 and 2019 in real terms.

It is estimated that employment in US-owned local business units positively benefits the UK economy. Over the period 2010 to 2019, we estimate an increase in UK GVA of at least £65.2 billion from US-owned businesses. We estimate that UK GVA from employment in US-owned businesses increased by 23.3% over the period 2010 to 2019.

US-owned business units are spread over a variety of industries throughout the UK. US-owned businesses accounted for 9.1% employment in wholesale and retail trade in 2019. They also accounted for 8.5% employment in the manufacturing industry and 8.1% employment in the financial services industry.

In 2019, US-owned business units generated proportionately the most turnover in the scientific, technical and IT industry. 17.6% of total UK turnover in this industry, or £122.5 billion, was generated by US-owned businesses. US-owned businesses also generated 17.6% of total UK turnover in manufacturing, at £97.5 billion. This was followed by the financial services industry, with US-owned businesses accounting for 15.2% of all turnover in the UK in that industry, or £238.8 billion.

²⁷ DIT (2021), [Estimating FDI and its impact in the United Kingdom](#)

Limitations

It should be noted that there are some limitations to the analysis presented in this report. Turnover data in the BSD is only available at an enterprise level, rather than for local business units. Turnover across regionally-based local business units is estimated by apportioning it to the regional share of employees. Whilst not perfect, this approach is likely to partially overcome the greater challenge of a 'headquarters effect'. This is where economic activity is inflated for regions that are home to headquarters, even when only a small proportion of activity takes place there. However, turnover figures presented at a regional level throughout the report should be seen as estimates.

It should be noted that the wider GVA impacts of investment from US-owned businesses in the UK estimated in this report have some limitations. The full indirect impact on GVA estimated here may not yet have occurred, as there is a time lag in economic impacts of foreign investment. The estimates of foreign investment impacts from DIT's model²⁸ were estimated using data from all foreign direct investment, rather than US investments specifically.

Policy implications and future research

The findings from this report have some potential policy implications for the UK. Investment from US-owned businesses continue to have positive impacts on UK employment, as well as estimated positive impacts on the wider UK economy. This includes impacts on gross value added (GVA), productivity, innovation and exports. The findings presented here support the case for the UK government continuing in its policies and promotion activities. These are expected to attract greater investment from US-owned local business units across all parts of the UK. They also support the case for DIT facilitating investments through provisions in a new UK-US Free Trade Agreement. This is expected to support the government's policy objective of levelling up all regions of the UK.

The report supports further research in the area. This includes building on ONS evidence that foreign-owned businesses exported more goods and services from the UK as compared to domestic-owned businesses in 2018²⁹. DIT aims to undertake further research to understand the relationship between foreign investment and exports, identifying the subsequent impact from exports by foreign-owned businesses. It also aims to explore the role the UK government can play in supporting these foreign-owned businesses to export from the UK.

The report findings also support DIT's continued research to understand the drivers and barriers of foreign investment into the UK. They support DIT's research into the role that the UK government can play in promoting and unlocking future foreign investment opportunities. Finally, it supports ongoing research on inward investment flows from other UK trading partners, and on sustaining the UK as a leading global investment destination.

²⁸ DIT (2021), [Estimating FDI and its impact in the United Kingdom](#)

²⁹ ONS (2020), [UK trade in goods by business characteristics](#); ONS (2020), [UK trade in services by business characteristics](#)

Annexes

Annex 1: Industry aggregations

Code	SIC CODES, 2007	DIT Aggregation
A	AGRICULTURE, FORESTRY AND FISHING	Agriculture
B	MINING AND QUARRYING	Energy, Extraction and Water
D	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	Energy, Extraction and Water
E	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	Energy, Extraction and Water
C	MANUFACTURING	Manufacturing
F	CONSTRUCTION	Construction
G	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	Wholesale and retail trade
H	TRANSPORTATION AND STORAGE	Transportation and warehousing
I	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	Arts, entertainment and leisure
J	INFORMATION AND COMMUNICATION	Scientific, technical and IT services
K	FINANCIAL AND INSURANCE ACTIVITIES	Financial services
L	REAL ESTATE ACTIVITIES	Financial services
M	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	Scientific, technical and IT services
N	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	Other services
O	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	Other services
P	EDUCATION	Other services
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Other services
R	ARTS, ENTERTAINMENT AND RECREATION	Arts, entertainment and leisure
S	OTHER SERVICE ACTIVITIES	Other services
T	ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; UNDIFFERENTIATED GOODS-AND SERVICES-PRODUCING ACTIVITIES OF HOUSEHOLDS FOR OWN USE	Other services
U	ACTIVITIES OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	Other services

A further breakdown of these industries is provided by the ONS (2016).³⁰

Annex 2: Data tables

Data tables can be found in open document format [\[insert link here\]](#).



Department for International Trade

The Department for International Trade (DIT) helps businesses export, drives inward and outward investment, negotiates market access and trade deals, and champions free trade.

Legal disclaimer

The contents of this publication 'The role of United States-owned businesses in the United Kingdom' has been prepared by the UK Department for International Trade (DIT) for the sole purpose of providing a sub-national and sectoral mapping of US-owned businesses across the UK, the employment they create in the UK economy, and their estimated turnover, as well as their estimated economic impacts in the UK. The contents of this document includes information based on statistical data from ONS. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates. Unless otherwise stated, all data in this publication is taken from the Business Structural Database (BSD).

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Published

December 2021