



Department for
International Trade



Department for
Business, Energy
& Industrial Strategy

Lord Grimstone of Boscobel, Kt
Minister for Investment
Department for International Trade
Old Admiralty Building
Admiralty Place
London
SW1A 2DY

Angus Brendan MacNeil MP
Chair
International Trade Committee

T +44 (0) 20 7215 5000
E grimstone.correspondence@trade.gov.uk
W www.gov.uk/dit

22 November 2021

Dear Angus,

Thank you for your final report following your inquiry into Inward Investment. Please find our response to the recommendations you make in your report.

I hope these answer your questions and demonstrate how seriously I have taken your suggestions for ways the department can build on its work to attract high quality inward investment into the UK.

I attach a methodology statement from FDI Intelligence, who is our source of external inward investment data related to greenfield investments. This is in response to the Committee's Recommendation 1 and will provide you with greater insight on what this source contains.

I also write to update you on the project we have commissioned, researching foreign disinvestment, further to my letter of 14 June 2021. I am pleased to inform you that the research project has now concluded, and the UK Trade Policy Observatory (UKTPO) at the University of Sussex are due to publish their final report during the week commencing 6 December. I will write to the Committee again once the report is published to share the project's findings, data sources and methods.

I thank you for your time throughout the inquiry and for your work to produce this report. Inward Investment is of high importance to the country, and I am personally committed to ensuring the UK remains a leading destination for inward investment.

Yours sincerely,

Lord Grimstone of Boscobel, Kt
Minister for Investment
Department for International Trade
Department for Business, Energy and Industrial Strategy



About fDi Markets

fDi Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. Joint ventures are only included where they lead to a new physical operation. Mergers & acquisitions (M&A) and other equity investments are not tracked. There is no minimum size for a project to be included.

The data includes FDI projects that have either been announced or opened by a company. The data on capital investment and job creation is based on the total investment the company is making at the time of the project announcement or opening. As companies can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency the data is different to the official data on FDI flows. The data from fDi Markets is more accurate and a real time indicator of the real investment companies are making in their overseas subsidiaries.

fDi Markets data also includes estimates for capital investment and job creation derived from algorithms when a company does not release the information.

Data is collected primarily from publicly available sources, including:

- Financial Times newswires and internal information sources
- Thousands of media sources, including all the world's top business sources
- Over 2,000 industry organisations and investment promotion agencies newswires
- Data purchased from market research and publication companies

Each project identified is cross-referenced against multiple sources, with primary focus on direct company sources. This allows further company and project information to be captured, including decision making contacts etc.

Each project is classified according to its cluster, sector, sub-sector and business activity, based on a proprietary industry classification system. The sub-sectors recorded in fDi Markets can be aligned with the North American Industry Classification System (NAICS) 2012.

The World Bank, UNCTAD, the Economist Intelligence Unit and more than 100 governments around the world as well as major corporations use the data as the primary source of intelligence on greenfield investment trends.

As our data is collected primarily from publicly available sources, Financial Times Ltd takes no responsibility for the accuracy or otherwise of the data.

Please note that the investment projects tracked by fDi Markets are updated and revised based on new intelligence being received and our algorithms also update figures to improve accuracy over time.