
Grant Fitzner | Director, Macroeconomic Statistics and Analysis

Angus Brendan MacNeil MP
Chair, International Trade Committee
House of Commons
London
SW1A 0AA

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Dear Chair,

I write in response to the Committee's report on *Inward Foreign Direct Investment*, particularly recommendations one and eight regarding the development of data on inward investments.

Recommendation 1: Greater transparency about progress, quick implementation of changes and broader engagement of users

In 2019, the Office for National Statistics (ONS) published a development plan¹ which outlined an overview of progress and priorities for developing foreign direct investment (FDI) statistics. We published an updated development plan² in April 2021, outlining the progress made and plans for the next phase of development.

In spring 2021, new questions were added to the quarterly³ and annual⁴ ONS FDI surveys, aiming to collect more granular data on FDI by type of investment, disinvestment, sub-national FDI and re-invested earnings. We continue to look at these new data and are developing appropriate methods with the aim of producing new statistics. As it is the first time these data are being collected, we must ensure there is sufficient response before publishing them as Experimental Statistics.

Additionally, we are refreshing our approach to stakeholder engagement and have been looking to expand engagement to encompass a broader range of industry and analytical users. A Trade and Investment user group has been created, bringing together the Balance of Payments, Trade, and FDI user groups, given the overlap and interest between these topics. We launched the first event in November 2021 and plan to continue on a quarterly basis from January 2022 thereafter. In future events, the aim is to increase the attendee list to beyond Government departments, to get further insight and engagement beyond our existing stakeholders.

¹<https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/developingforeigndirectinvestmentstatistics/2019>

²<https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/developingforeigndirectinvestmentstatistics/2021>

³<https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/quarterlyinwardforeigndirectinvestmentsurvey>

⁴<https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/foreigndirectinvestmentfdi>

The ONS and the Department for International Trade (DIT) continue to establish data sharing functionalities of DIT project-level data, potentially creating new insights for direct investments in the UK. We also work closely with DIT through user groups with the aim of understanding further user needs as well as exploring ways of enhancing reach and accessibility of our publications for a wider audience.

Recommendation 8: Effective promotion of Foreign Direct Investment across all parts of the UK requires reliable data showing sub-national patterns and trends

We published our first FDI estimates by UK country and region in July 2021 using current microdata⁵. These were experimental sub-national FDI statistics for 2015 to 2019 from linking FDI with the Inter-Departmental Business Register and Business Register and Employment Survey. Further analysis, including detailed statistical tables, were later published in October 2021⁶. In April 2021, we also published further insights from Orbis on the UK's outward investment network from January 2019 to October 2020⁷.

As discussed above, new questions were added to the ONS quarterly and annual FDI surveys with the aim of collecting more granular data, including on sub-national FDI. These estimates will continue to be developed as more data becomes available.

We will keep the Committee informed of progress on developing sub-national FDI estimates.

Yours sincerely,



Grant Fitzner

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⁵<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/foreigndirectinvestmentexperimentaluksubnationalstatistics/july2021>

⁶<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/foreigndirectinvestmentexperimentaluksubnationalstatistics/october2021>

⁷<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/datasets/ukoutwardinvestmentnetwork>