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Foreign Investment

U.K. Investment Flows Up; U.S. Investors Lead the Pack

BNA Snapshot

- U.K. attracts record foreign investment
- U.S. remains the U.K.'s largest source of foreign investment with 570 projects

By **Rossella Brevetti**

Aug. 30 — The U.K. attracted record investment by foreign companies during 2015-2016, International Trade Secretary Liam Fox said in announcing a U.K. Department of Foreign Trade report.

As a result, about 116,000 jobs were created or safeguarded, which was the second highest number on record. The U.S. remains the U.K.'s largest source of foreign investment with 570 projects, followed by China (including Hong Kong) with 156 and India with 140, according to the report. A U.S. industry source told Bloomberg BNA on background that U.S. firms are evaluating investment decisions carefully given the uncertainty stirred up by the U.K.'s Brexit referendum to leave the EU.

Fox, however, said that the "impressive results show the U.K. continues to be the place to do business. We've broadened our reach with emerging markets across the world to cement our position as the number one destination in Europe for investment." The "continued vote of confidence in the U.K." will help attract job-creating foreign investment, he added. The report focused on data from the U.K.'s last fiscal year, which ran from April 1, 2015, to March 31, 2016.

The U.K.'s recent Brexit decision has led to speculation that the U.K.'s economy could be weakened. "As Britain approaches a time of economic change, we must continue to welcome investors that are willing to make a sustained, long-term commitment all across the country," said Adam Marshall, acting director general of the British Chambers of Commerce. Continuing to attract investment is important for future success, Marshall said. "Last year's uptick in foreign direct investment is a welcome boost to business and a good indicator of underlying confidence in the U.K. economy."

Future Relationship?

Tim Keeler, an attorney in Mayer Brown's government and international trade group, told Bloomberg BNA that it would be a "reasonable supposition" that some portion of the U.S. investment was driven by U.S. companies using London as a hub from EU wide business activities. Depending on how the negotiations go with respect to the U.K.-EU future relationship, that level of investment could be affected if London is not used as a hub to access the rest of the European market, he said. "It remains to be seen," he said, as the U.K.'s relationship with the EU has yet to be worked out. Brexit is among Keeler's focus areas.

New foreign direct investment (FDI) figures from the Department for International Trade also show that the U.K. is Europe's top destination for FDI as well as the most popular European spot for investment from emerging markets.

Investments came from a record 79 countries, according to the report.

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