

# Certainty without conviction: Why has the Trade and Cooperation Agreement failed to reverse Brexit relocations?

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## Abstract

The Brexit referendum created a major uncertainty shock for UK firms, reshaping their international investment strategies. The EU–UK Trade and Cooperation Agreement (TCA), implemented in 2021, was intended to restore certainty by codifying trade and investment rules.

Using synthetic difference-in-differences and Poisson-based models, this paper examines UK outward greenfield Foreign Direct Investment (FDI) between 2013 and 2023.

We find that Brexit drove a significant reallocation of investment into the EU – an estimated \$29 billion of additional greenfield investment and over 101,000 jobs between 2016 and 2019 – concentrated in projects that fall outside conventional FDI motive classifications.

Firms did not relocate to the EU to cut costs or chase larger markets, they moved to maintain regulatory compliance and market access, suggesting the exodus was driven by institutional necessity rather than conventional business logic.

The TCA had limited corrective power: outward flows stabilised but did not reverse. These results suggest that agreements alone cannot restore certainty; regulatory alignment and institutional credibility are essential for sustaining business confidence.

## Executive summary

**UK firms have permanently relocated high-value operations into the EU in response to Brexit, and the Trade and Cooperation Agreement has not reversed this.** The May 2025 UK–EU Summit re-established political dialogue but left the most consequential areas – regulatory cooperation in services, financial services equivalence, and professional qualifications – for future negotiation. The next summit and 2026 TCA review are the critical window to address the underlying cause of relocation: regulatory friction, not tariff barriers. Breinlich *et al.* (2024) estimate that the Brexit vote generated £21.2 billion of additional UK investment into the EU by 2019. Our causal estimates corroborate this finding: we estimate that Brexit redirected approximately \$29 billion (£22 billion) of additional UK greenfield investment to the EU between 2016 and 2019 alone, creating over 101,000 additional jobs and approximately 1,280 additional projects. The reallocation continued and deepened well beyond the referendum period, and the TCA has not reversed it.

Using synthetic difference-in-differences and Poisson pseudo-maximum likelihood methods applied to greenfield FDI data, we examine:

- Aggregate shifts in UK outward FDI flows to EU and non-EU destinations
- Shifts in investment motives, particularly market-seeking, efficiency-seeking, and strategic asset-seeking projects
- Sectoral changes, with emphasis on manufacturing, business services, and R&D-intensive industries

### Key findings

**Brexit reshaped UK outward investment decisively.** Firms shifted projects and jobs into the EU to preserve regulatory alignment and, to a lesser extent, market access. Between 2016 and 2019, Brexit redirected an estimated \$29 billion (£22 billion) of additional UK investment to the EU, created over 101,000 additional jobs, and generated approximately 1,280 additional greenfield projects. Outward FDI to the EU increased by 86% in value, 61% in project numbers, and 90% in job creation – concentrated in mining, professional services, finance, and advanced manufacturing. The absence of a similar increase to non-EU destinations confirms this was a Brexit-specific reallocation, not a broader expansion of UK outward investment.

**The TCA stabilised but did not reverse relocations.** Even taking point estimates at face value, the TCA recovered at most a third of what Brexit displaced – approximately \$9 billion in value and 28,000 jobs – and these effects are statistically insignificant, absent in robustness checks. EU subsidiaries established post-Brexit have become embedded in firms’ strategies, developing local supply chains, client relationships, and operational networks that will not easily unwind.

### Drivers differ fundamentally by sector:

- **Services:** the pattern is consistent with institutionally driven relocation – firms maintaining regulatory compliance and professional recognition, rather than seeking larger markets or cheaper labour

- **Advanced manufacturing:** relocations reflect supply chain restructuring and competitiveness pressures arising from regulatory divergence
- **Pharmaceuticals:** Brexit initially drove EU relocations, but targeted TCA provisions on regulatory cooperation significantly reduced this pressure, demonstrating that addressing specific regulatory barriers works

## **What policymakers should do now**

**1. Prioritise regulatory cooperation over further trade liberalisation.** Deeper regulatory alignment in high-integration sectors (mutual recognition of qualifications, financial services equivalence, data governance stability) will do more to retain domestic activities than tariff reductions. The pharmaceuticals evidence proves this approach works.

**2. Elevate strategic cooperation to Summit level.** The structural drivers of relocation are partnership questions requiring political commitment, beyond technical trade adjustments. The next summit must deliver substantive agreements on services, manufacturing supply chains, and data governance.

**3. Rebalance investment policy from attraction to retention.** Current policy emphasises inward FDI. Retention of existing high-value operations matters equally. Firms respond to long-term regulatory stability and credible industrial strategy with cross-party support.

**4. Act within the narrowing window.** Within 3–5 years, UK subsidiaries already established in the EU will become locked in through sunk costs and network effects – regardless of broader EU economic performance. The damage is the embedding of past relocations and the erosion of UK capabilities, not future exodus. The 2026 TCA review and second UK–EU Summit are the decisive opportunities to convert the May 2025 commitments into binding regulatory cooperation frameworks before these relocations become irreversible.

# 1. Introduction

Five years after the Trade and Cooperation Agreement, UK firms have not reversed their post-Brexit relocations to the EU. The May 2025 UK–EU Summit re-established political dialogue and committed to future regulatory cooperation, but left the most consequential areas for further negotiation. Why has a formal trade agreement failed to restore business confidence, and what must the 2026 TCA review and next summit deliver?

Since the 2016 Brexit referendum, UK firms have significantly increased their investment presence in the EU. According to our greenfield FDI data, the total value of UK outward FDI to the EU rose by over 80% between 2017-2020 compared to the 2013-2016 period. This shift is mirrored in project counts, with the number of FDI projects to the EU also increasing by over 63% during the same comparison periods (see Figure 1). These were not marginal adjustments: they created substantive employment abroad, concentrated in high-value sectors such as professional services, finance, and advanced manufacturing. Three years into the Trade and Cooperation Agreement (TCA), these relocations have not reversed. This raises a critical question for policymakers: if a formal trade agreement cannot restore business confidence, what will?

Outward foreign direct investment (OFDI) offers a forward-looking signal of how firms interpret institutional stability.<sup>1</sup> When firms relocate production, sales, and R&D functions abroad, their decisions reflect the relative attractiveness of host-country investment environments – including institutional quality, regulatory frameworks, and governance infrastructure (Dunning, 1993; Globerman & Shapiro, 2002). In the Brexit context, these decisions reveal how credible and stable firms perceive the UK's regulatory framework to be. OFDI behaviour is therefore a thermometer of business confidence, and the post-Brexit evidence is concerning. Rather than treating the TCA as a restoration of certainty, firms have continued to embed themselves in the EU, suggesting that formal agreements alone are insufficient when regulatory divergence persists.

The Brexit referendum in June 2016 created a major uncertainty shock. It cast doubt on the stability of market access and regulatory alignment with the European Union, triggering a prolonged period

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<sup>1</sup> Outward FDI measures investments made by UK-resident companies in a foreign economy.

of policy-induced hesitation across UK firms. Evidence is now extensive: firms delayed investment decisions (Bloom et al., 2019), trade performance weakened (Douch, Du & Vanino, 2019; Graziano, Handley & Limão, 2020; Douch & Edwards, 2021; Graziano, Handley & Limão, 2021; Du & Shepotylo, 2024; Du, Shepotylo & Yuan, 2025) and reduce productive capacity (Bloom et al., 2025). The absence of a corresponding increase in investment to non-EU destinations reinforces the conclusion that this reallocation was driven by the specific institutional consequences of leaving the Single Market, rather than by a general increase in UK firms' international expansion.

This paper examines the persistence of post-Brexit OFDI patterns and asks whether the TCA has arrested, reversed, or merely stabilised them. Using causal inference methods applied to bilateral greenfield FDI flow data from 2013 to 2023, we find that Brexit drove a significant reallocation of investment into the EU, concentrated in projects that fall outside conventional motive classifications. The TCA stabilised these flows but did not reverse them. Critically, we show that EU relocations were institutionally driven, shaped by regulatory alignment needs rather than standard economic motives. This finding reframes the policy challenge: if the problem is regulatory uncertainty, then trade agreements that do not include deeper regulatory cooperation will have limited effectiveness. The implications for the 2026 TCA review and the next UK–EU Summit are direct: the 2025 Summit re-established dialogue, but the evidence presented here shows that dialogue must yield binding regulatory cooperation if it is to arrest ongoing capability displacement.

The structure of this paper is as follows. Section 2 contextualises these findings within the institutional theory of multinational enterprise behaviour and the UK's evolving policy landscape. Section 3 outlines our methodology (with full technical details in the annex). Section 4 presents aggregate results, as well as results disaggregated by investment motive and by project sector. Section 5 draws out policy implications, and Section 6 concludes.

## 2. Context and motivation

### The pre-2016 investment landscape

Outward foreign direct investment has been a key channel through which UK firms internationalise, access new markets, and embed themselves in global value chains. In the pre-2016 period, the UK benefited from deep institutional integration with the EU through the single market. This meant frictionless market access, harmonised regulatory standards, and efficient cross-border coordination of production networks. For firms, this stability was invaluable, since it meant they could invest with confidence that rules would remain aligned, and operations would not face unexpected regulatory barriers.

### The Brexit shock and firm response

The Brexit referendum in June 2016 upended this certainty. By casting doubt on future market access and regulatory alignment, it created immediate anxiety among firms with significant EU exposure. The response was swift and measurable. Breinlich *et al.* (2024) estimate that by 2019, the Brexit vote had generated approximately £21.2 billion of additional UK outward investment into the EU27, a 17% increase driven by firms establishing European subsidiaries to retain market access. These were not marginal adjustments, but substantive relocations of productive capacity, concentrated in professional services, finance, and advanced manufacturing, creating real employment abroad.

Why did firms respond this way? The logic is straightforward: firms respond to institutional uncertainty by reducing their exposure to it (Du, Shepotylo and Yuan, 2025). When market access becomes uncertain, when regulatory alignment is in question, and when labour mobility is threatened, firms protect themselves by establishing operations in jurisdictions where these uncertainties are minimised. For the UK, that meant moving critical functions into the EU, where single market membership remained secure. Notably, there was little simultaneous expansion into non-EU markets. This is a pattern that contradicts the ‘Global Britain’ narrative and reveals firms’ genuine priority: preserving EU market access, not pursuing distant growth opportunities.

Official statistics confirm this picture. The UK’s outward FDI stock fell to £1.85 trillion in 2023, down from £1.91 trillion in 2022. More notably, net FDI earnings weakened due to lower returns

from overseas assets (Office for National Statistics, 2024). Sectoral patterns show investment concentrated in manufacturing and high-value services, predominantly aimed at establishing or expanding EU-based distribution and production facilities – strategies designed specifically to circumvent post-Brexit frictions.

### **The policy context**

The Department for Business and Trade’s Review of Outward Direct Investment (2025) recognised this dynamic: OFDI is critical to export performance, technology acquisition, and productivity growth, yet the post-Brexit relocation of capacity represents a loss of domestic value and capability. The challenge for policymakers is to distinguish between strategic outward investment (which enhances UK capabilities) and displacement (where activities relocate because the UK environment has become less attractive). The latter is the policy concern. Understanding when and why displacement occurs is essential for designing effective industrial strategy.

Globally, FDI patterns are shifting. Post-pandemic recovery has been uneven, geopolitical risk is rising, and governments are increasingly intervening in cross-border investment. UNCTAD (2024) notes that project finance and development-focused investment have slowed, whilst OECD (2024) data show FDI rebounding unevenly, with advanced economies competing for capital in strategic sectors – green technology, advanced manufacturing, digital infrastructure. The UK is not competing in isolation; it is one player among many seeking to anchor high-value investment.

### **The Trade and Cooperation Agreement: did it restore certainty?**

The EU–UK Trade and Cooperation Agreement, signed in December 2020 and implemented in January 2021, was explicitly designed to restore certainty. It codified trade rules, investment frameworks, and regulatory cooperation between the two parties. Policymakers presented it as the mechanism that would remove uncertainty and enable firms to invest with confidence once again. An important question now arises: has it, in practice, reversed or merely stabilised the Brexit-induced relocations?

This is not an academic puzzle. The 2026 TCA review offers an opportunity to renegotiate key terms and address deficiencies in the original agreement. Understanding whether the TCA succeeded in retaining high-value activities, or whether deeper cooperation is needed, should inform UK strategy for that review. This paper therefore asks: what does the behaviour of UK

firms reveal about whether the TCA restored business confidence? And what does that tell us about what is needed to anchor high-value functions within the UK?

### **This paper's contribution**

We provide empirical evidence on the nature and extent of OFDI shifts, distinguishing between EU and non-EU destinations and disaggregating by sector and investment motive. This reveals not only whether firms have reallocated their investments but also why – whether their decisions reflect economic calculations (pursuing cheaper labour, new markets) or institutional responses (preserving regulatory alignment, maintaining market access). This distinction is critical for policy design. If relocations are economically motivated, then industrial policy should focus on competitiveness – reducing costs, supporting skills formation, improving productivity. If they are institutionally motivated, then regulatory cooperation becomes the priority. Our evidence suggests both are needed, but the latter is more key.

## **3. Methodology**

This paper examines how UK firms adjusted their outward investment in response to two major institutional shocks: the Brexit referendum (June 2016) and the implementation of the EU–UK Trade and Cooperation Agreement (January 2021). We analyse greenfield FDI announcements from 2013 to 2023, comparing actual UK investment patterns against what we would have expected had Brexit not occurred. This lets us isolate the genuine Brexit effect from normal market fluctuations and global trends.

### **Data and scope**

We use project-level investment data from the Orbis Crossborder Investment database, which records greenfield investment announcements worldwide. We focus on greenfield projects rather than mergers and acquisitions because greenfield investment directly reveals firms' locational choices – where they decide to build new capacity, establish new operations, and create new employment. This makes greenfield data more sensitive to institutional change than M&A, which primarily reflects ownership transfers in existing assets. Our sample covers the top 100 investor and destination countries and focuses on detailed industry classifications. For each project, we observe location, source country, sector, and the stated investment motive (market access, cost

reduction, regulatory compliance, resource extraction, or strategic capability acquisition). This allows us to ask not just whether firms invested more or less, but why they invested differently after Brexit.

### **Analytical approach**

We employ two complementary econometric methods, both designed to handle the challenges of investment data (which often contains zero values and extreme outliers). Our estimates are robust across methods – if findings hold under both approaches, we have high confidence they reflect genuine Brexit effects rather than statistical artefacts. The technical details are provided in the annex, but the essential point is straightforward: we construct a credible counterfactual of what UK investment would have looked like without Brexit, then compare it to what actually happened. This comparison gives us the causal effect of Brexit.

### **Key outcomes**

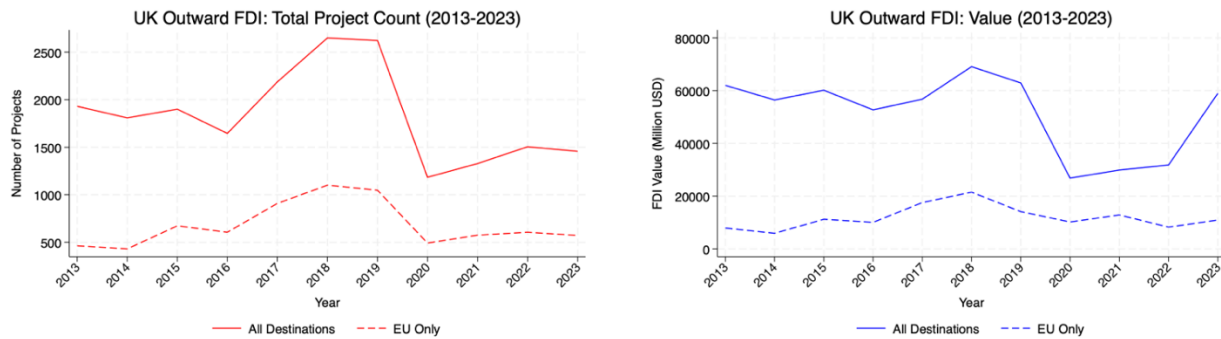
We measure effects using three complementary metrics: total investment value (in million USD), number of projects announced, and employment created abroad. By looking across all three, we ensure that findings aren't driven by a handful of large deals; we capture whether the shift is systematic or idiosyncratic.

## **4. Findings**

This section presents findings on how Brexit and the TCA affected UK outward investment, covering aggregate flows, sectoral patterns, and investment motives.

Before presenting causal estimates, we first examine the raw temporal patterns in UK outward greenfield FDI. Figure 1 plots total project counts (left panel) and values (right panel) for all destinations and for EU destinations separately. Both series reveal visual breaks around the Brexit referendum (2016) and the TCA implementation period (2020–2021). Notably, the gap between total and EU-directed flows widens after 2016, suggesting a relative diversion of UK investment away from the EU. Whilst suggestive, these descriptive patterns cannot isolate Brexit effects from global trends, sector composition changes, or the COVID-19 pandemic. The causal analysis in Section 4.1 addresses these confounds.

**Figure 1. Overview: Temporal patterns in UK outward FDI**



Source: Orbis Cross-border Investment database provided by Bureau van Dijk (BvD). *Panel A: Total project count by year.* The number of UK outward greenfield projects fluctuated between 1,200 and 2,650 projects annually. A sharp increase is visible from 2016 onwards, peaking in 2018-2019 before declining post-2020. The trend subsequently recovered, stabilising at approximately 1,500 projects by 2023. This temporal pattern suggests heightened investment activity following the Brexit referendum, with a pandemic-related disruption in 2020 followed by gradual recovery.

*Panel B: Total investment value and job creation.* Investment value (blue line, left axis) remained relatively stable at around 53,000-62,000 million USD between 2013 and 2017, with fluctuations peaking near 70,000 million USD in 2018. A notable decline occurred in 2020-2021, dropping to less than 30,000 million USD, followed by a sharp recovery reaching approximately 60,000 million USD by 2023. Job creation (red line, right axis) showed greater volatility, with peaks in 2015 and 2019 (at approximately 160,000-200,000 jobs). Job creation declined sharply in 2020-2021 to around 70,000 jobs before recovering to approximately 100,000 jobs in 2023. Both metrics show a V-shaped recovery pattern post-2020, likely reflecting the combined effects of Brexit adjustment, the COVID-19 pandemic, and subsequent economic recovery.

#### 4.1 Aggregate trends

Table 1 presents SDID estimates of Brexit and TCA effects on UK outward greenfield FDI between 2013 and 2023, measured by investment value, project count, and job creation. Table A1 in Annex provides robustness checks using PPML-DID methodology.

The Brexit referendum led to a pronounced reallocation of investment into the EU. Outward FDI to EU member states increased by 86.3% in value, 61.3% in project numbers, and 90.0% in job creation, all highly significant. In absolute terms, this represents approximately \$29 billion (£22 billion) of additional investment, 1,280 additional projects, and over 101,000 additional jobs redirected to the EU between 2016 and 2019. This reflects substantive relocations, not symbolic adjustments; job creation per project remained steady.

By contrast, effects on all destinations globally were weaker: only 7.9% increase in project numbers, with no significant changes in value or jobs. This indicates that strong EU-directed investment was partly offset by weaker flows elsewhere.

The TCA (implemented January 2021) did not reverse these EU relocations. SDID estimates show negative but insignificant effects (−21.0% value, −11.8% projects, −23.2% jobs). Even taking these point estimates at face value, the TCA recovered at most approximately \$9 billion in value and 28,000 jobs – roughly a third of what Brexit displaced – and these effects are not statistically significant. Overall, this suggests that the TCA stabilised flows rather than reversed them.

**Table 1. Brexit and TCA effects on UK outward greenfield FDI flows, 2013-2023**

	EU		Non-EU		All	
	Brexit	TCA	Brexit	TCA	Brexit	TCA
<b>A: Value</b>						
Impact	0.622** (0.19)	-0.236 (0.20)	-0.179 (0.15)	-0.319* (0.14)	0.008 (0.12)	-0.305* (0.13)
Observations	69,447	79,368	69,447	79,368	69,447	79,368
<b>B: Number of Projects</b>						
Impact	0.478** (0.094)	-0.125 (0.096)	-0.054 (0.054)	-0.094* (0.046)	0.076+ (0.046)	-0.101* (0.044)
Observations	69,447	79,368	69,447	79,368	69,447	79,368
<b>C: Number of Created Jobs</b>						
Impact	0.642** (0.18)	-0.264 (0.16)	-0.123 (0.18)	-0.509** (0.17)	0.064 (0.14)	-0.454** (0.13)
Observations	69,447	79,368	69,447	79,368	69,447	79,368

Notes: (1). Estimates from Synthetic Difference-in-Differences (SDID) regressions. (2). Standard errors in parentheses. \*\* p<0.01, \* p<0.05, + p<0.10. (3). Dependent variables: Panel A = log value of UK outward greenfield FDI; Panel B = log of number of greenfield FDI projects; Panel C = log of number of jobs created. (4). Brexit treatment captures UK’s EU exit (referendum June 2016); TCA treatment reflects the Trade and Cooperation Agreement (effective January 2021). (5). EU columns show FDI to EU member states, Non-EU columns show FDI to other destinations, and All columns aggregate both. (6). Coefficients are in log points; percentage effects in the text are computed as  $\exp(\text{coefficient}) - 1$ .

## 4.2 Investment motives

We further examine how UK outward greenfield FDI evolved by investment motive over the decade to 2023 (Table 2). Motive-level estimates provide exploratory evidence on how Brexit and the TCA influenced the underlying drivers of UK firms’ outward investment. These results should be interpreted cautiously, as some motive categories contain limited observations and wider confidence intervals. To ensure comparability with the trends discussed in Section 4.1, projects with missing or non-standard motive information are grouped under “Unclassified” in the tables (labelled “Unknown” in the source data). This category is analytically important: it likely captures

projects driven by regulatory compliance, institutional adaptation, and other motives that do not fit neatly into conventional FDI motive classifications.

The clearest patterns emerge for market-seeking and efficiency-seeking investments. Among non-EU destinations, Brexit is associated with a significant rise in both the value and number of these projects, indicating that UK firms diversified beyond the EU to secure market access and reduce operational costs amid heightened domestic uncertainty.

In contrast, within the EU, motive-specific effects are weak and generally statistically insignificant. The aggregate increase in UK outward investment to the EU is largely concentrated in the “Unclassified” category – projects that fall outside conventional motive taxonomies. This suggests that the surge in EU-bound investment was not driven by standard market- or efficiency-seeking motives, but rather by the imperative to preserve regulatory alignment and maintain Single Market access. In this sense, post-Brexit relocations reflected institutional adaptation rather than standard strategic expansion.

For other motives, patterns are less consistent. Resource-seeking investment shows a positive Brexit effect outside the EU, but this is confined mainly to energy and extractive industries, limiting broader inference. Policy-seeking and strategic asset-seeking investments exhibit no stable or systematic responses.

The TCA exerted only a limited influence across all motive categories, reinforcing the conclusion that while it stabilised the investment environment, it did not alter firms’ underlying strategic drivers or restore pre-Brexit integration dynamics.

**Table 2. Sectoral and investment motive patterns: Brexit and TCA effects**

	Market-seeking						Efficiency-seeking						Policy					
	EU		Non-EU		All		EU		Non-EU		All		EU		Non-EU		All	
	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA
<b>A: Value</b>																		
Impact	0.221 (0.24)	0.114 (0.24)	0.452** (0.16)	-0.206 (0.14)	0.398* (0.16)	-0.115 (0.14)	-0.025 (0.33)	-0.227 (0.24)	1.183** (0.32)	-0.533 (0.34)	0.891** (0.31)	-0.473 (0.30)	0.858 (1.18)	0.525 (0.47)	1.342 (0.93)	-0.113 (0.50)	1.320 (0.88)	-0.014 (0.45)
Observations	17,031	20,552	17,031	20,552	17,031	20,552	10,136	12,922	10,136	12,922	10,136	12,922	3,241	4,907	3,241	4,907	3,241	4,907
Pseudo R-squared	0.781	0.763	0.781	0.763	0.781	0.763	0.722	0.696	0.723	0.697	0.723	0.697	0.557	0.596	0.559	0.596	0.559	0.596
<b>B: Number of Projects</b>																		
Impact	0.156 (0.13)	0.064 (0.11)	0.364** (0.09)	-0.208** (0.06)	0.307** (0.08)	-0.116 (0.07)	0.203 (0.18)	0.142* (0.07)	0.514** (0.14)	0.028 (0.08)	0.426** (0.12)	0.074 (0.06)	1.963+ (1.11)	0.394 (0.25)	-0.346 (0.52)	-0.204 (0.27)	-0.056 (0.58)	-0.006 (0.25)
Observations	17,367	20,888	17,367	20,888	17,367	20,888	10,444	13,188	10,444	13,188	10,444	13,188	3,346	5,047	3,346	5,047	3,346	5,047
Pseudo R-squared	0.803	0.805	0.803	0.805	0.803	0.805	0.717	0.705	0.717	0.705	0.717	0.705	0.445	0.399	0.444	0.399	0.444	0.398

	Resource-seeking						Strategic asset-seeking						Unknown					
	EU		Non-EU		All		EU		Non-EU		All		EU		Non-EU		All	
	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA	Brexit	TCA
<b>A: Value</b>																		
Impact	0.407 (0.70)	0.798 (0.78)	2.037** (0.62)	-1.637* (0.83)	1.662** (0.62)	-0.636 (0.76)	-0.868 (0.59)	0.431 (0.35)	0.145 (0.46)	-0.419 (0.28)	-0.161 (0.36)	-0.167 (0.27)	0.508** (0.16)	-0.712** (0.26)	-0.572** (0.16)	0.450 (0.59)	-0.341* (0.16)	0.175 (0.50)
Observations	5,642	7,574	5,642	7,574	5,642	7,574	6,489	9,093	6,489	9,093	6,489	9,093	28,119	24,500	28,119	24,500	28,119	24,500
Pseudo R-squared	0.593	0.568	0.597	0.573	0.596	0.568	0.679	0.634	0.679	0.634	0.679	0.634	0.791	0.759	0.792	0.760	0.792	0.759
<b>B: Number of Projects</b>																		
Impact	0.257 (0.37)	0.016 (0.12)	0.160 (0.33)	0.014 (0.18)	0.211 (0.26)	0.015 (0.12)	0.058 (0.27)	0.251 (0.20)	-0.107 (0.25)	-0.300* (0.13)	-0.061 (0.21)	-0.105 (0.15)	0.313* (0.13)	-0.211 (0.28)	-0.577** (0.06)	-0.117 (0.12)	-0.247* (0.11)	-0.168 (0.16)
Observations	5,880	7,861	5,880	7,861	5,880	7,861	6,699	9,324	6,699	9,324	6,699	9,324	28,413	24,997	28,413	24,997	28,413	24,997
Pseudo R-squared	0.433	0.414	0.433	0.414	0.433	0.414	0.627	0.580	0.627	0.581	0.627	0.580	0.846	0.819	0.847	0.819	0.847	0.819

Notes: (1). Estimates from Poisson Pseudo Maximum Likelihood Difference-in-Differences (PPML-DID) regressions. (2). Standard errors in parentheses. \*\* p<0.01, \* p<0.05, + p<0.10. (3). Dependent variables: Panel A = value of UK outward greenfield FDI; Panel B = number of greenfield FDI projects. (4). Brexit treatment captures UK's EU exit (referendum June 2016); TCA treatment reflects the Trade and Cooperation Agreement (effective January 2021). (5). EU columns show FDI to EU member states, Non-EU columns show FDI to other destinations, and All columns aggregate both. (6). Results are presented by investment motive: Market-seeking (accessing new markets), Efficiency-seeking (cost reduction), Policy (government incentives), Resource-seeking (natural resources), Strategic asset-seeking (technology/brands), and Unclassified (projects with non-standard or missing motive data, likely reflecting regulatory compliance and institutional adaptation).

### 4.3 Sectoral dynamics

We disaggregate findings by sector to identify which industries experienced the largest adjustments in their investment portfolios.

Figures 2 and 3 present sector-level PPML-DID estimates for EU-directed FDI (Panel A), non-EU FDI (Panel B), and all destinations (Panel C), measured by investment value and project count respectively. Sectors responded very differently to Brexit and the TCA, revealing that the nature of each industry's regulatory exposure to the Single Market shaped both the scale of relocation and the degree to which the TCA could arrest it. Confidence intervals are wide in several cases and results should be interpreted as exploratory.

**Pharmaceuticals** presents the clearest and most policy-relevant case. Brexit drove a significant increase in EU-directed investment as firms established or expanded European operations to maintain regulatory compliance with EU pharmaceutical standards and marketing authorisations. Under the TCA, this effect substantially reverses – one of the few sectors where this occurs. This provides direct evidence that targeted regulatory cooperation can arrest relocation pressures, and is the strongest empirical basis for the policy recommendations in this paper.

**Mining** displays the largest Brexit effect on EU investment value of any sector, reflecting large-scale capital commitments redirected towards EU jurisdictions. However, this effect sharply reverses under the TCA whilst project counts remain stable, suggesting a shift toward smaller-scale operations rather than wholesale exit. The mining pattern is distinct from other sectors: the initial relocation was driven by large individual projects, making the aggregate value highly sensitive to a small number of decisions.

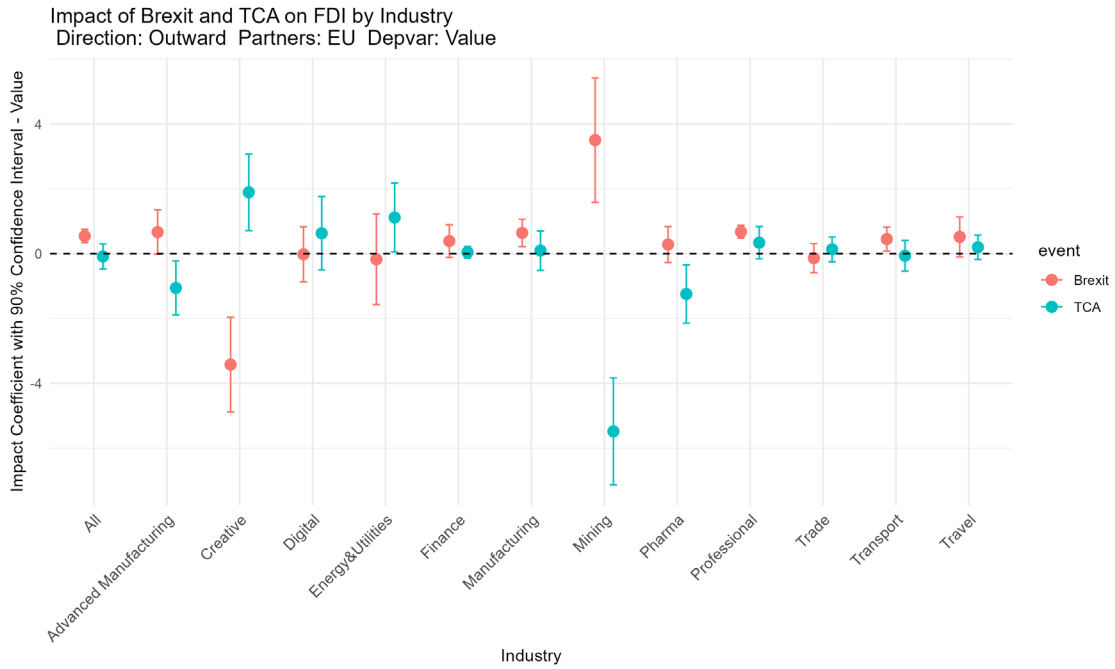
**Manufacturing and Advanced Manufacturing** both experienced significant Brexit-driven increases in EU-directed investment, but their TCA trajectories diverge. In Manufacturing, the Brexit effect persists or strengthens after the TCA – EU operations have become structurally embedded through supply chain integration, with no evidence of reversal. Advanced Manufacturing tells a different story: the Brexit effect partially reverses under the TCA, suggesting that these relocations were more responsive to the regulatory signals the agreement provided. This contrast matters for policy: general manufacturing embedding may require supply chain

facilitation measures, whilst advanced manufacturing appears more responsive to regulatory cooperation frameworks.

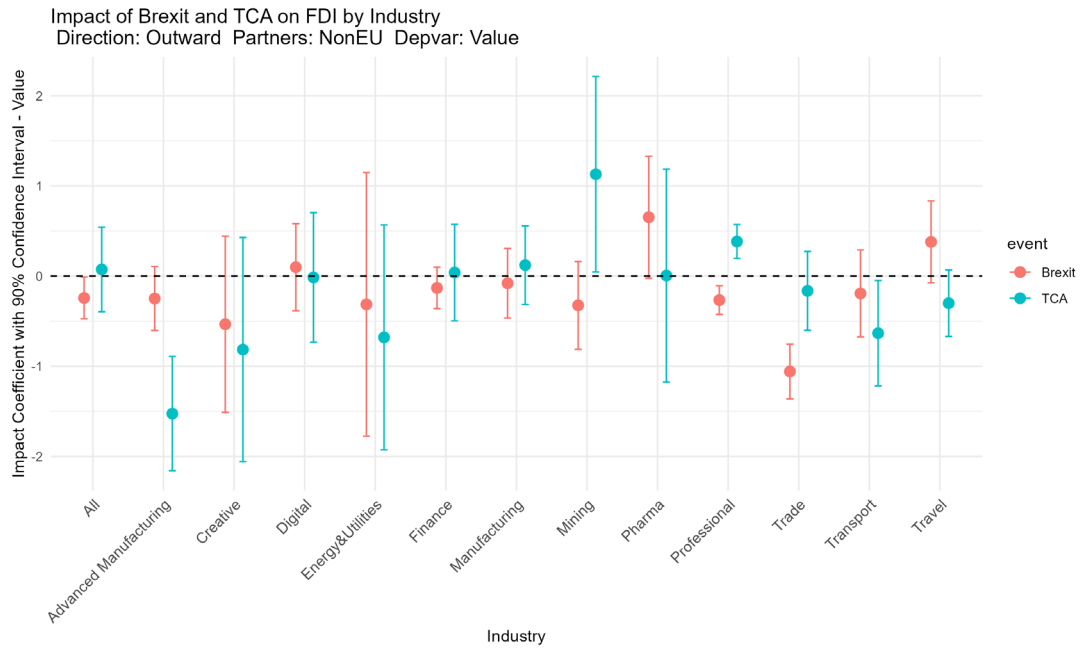
**Professional Services and Finance** both saw increased EU relocation after Brexit, but the nature and persistence differ. Professional Services shows significant increases in both value and project counts, with partial reversal under the TCA – consistent with firms responding to evolving regulatory cooperation on qualifications and market access. Finance presents a different pattern: a moderate increase in project numbers but limited effects on value, suggesting numerous smaller-scale relocations (branch offices, compliance units) rather than large capital commitments. Crucially, the TCA did not reverse the Finance pattern, indicating that these operational footholds have become embedded. Even within services, the relocation dynamic differs depending on whether the driver is regulatory recognition (which can respond to cooperation frameworks) or operational compliance (which tends to embed once established).

**Creative industries and Energy & Utilities** show a different temporal pattern: modest or uncertain Brexit effects but larger TCA-period increases in EU-directed investment, with wide confidence intervals. This may reflect delayed adjustment as firms waited for regulatory frameworks to clarify before committing to EU operations, or opportunities specific to these sectors that emerged after 2021. Given sample sizes, these patterns should be treated as suggestive rather than definitive.

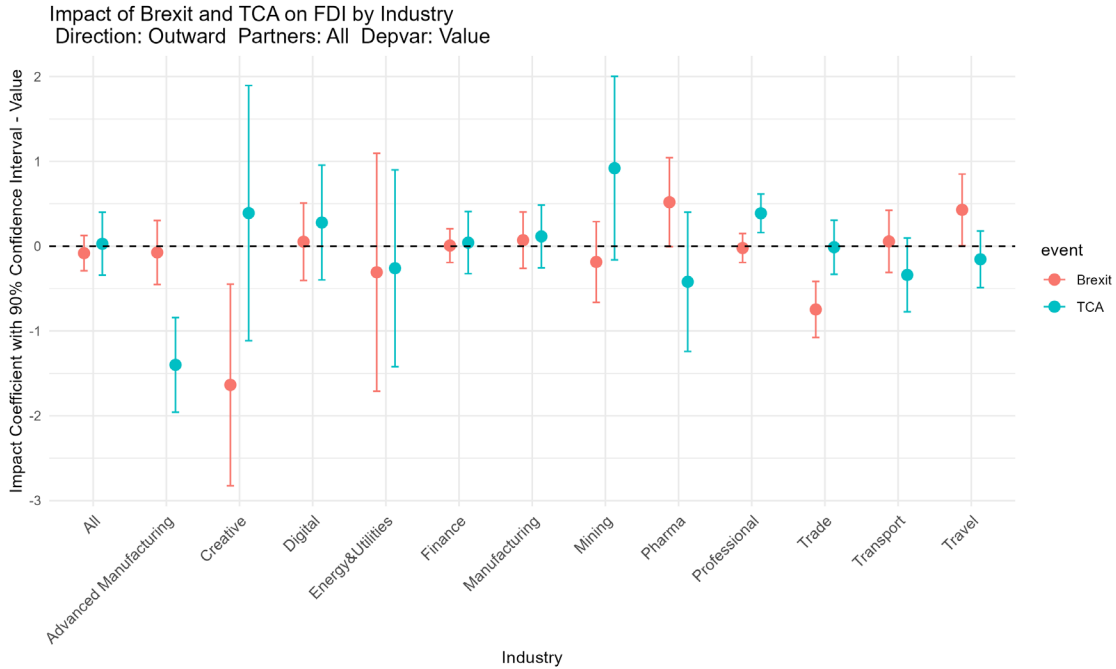
**Figure 2. Sectoral impact of Brexit and the TCA on UK outward FDI value**



**A. Outward FDI to EU countries**



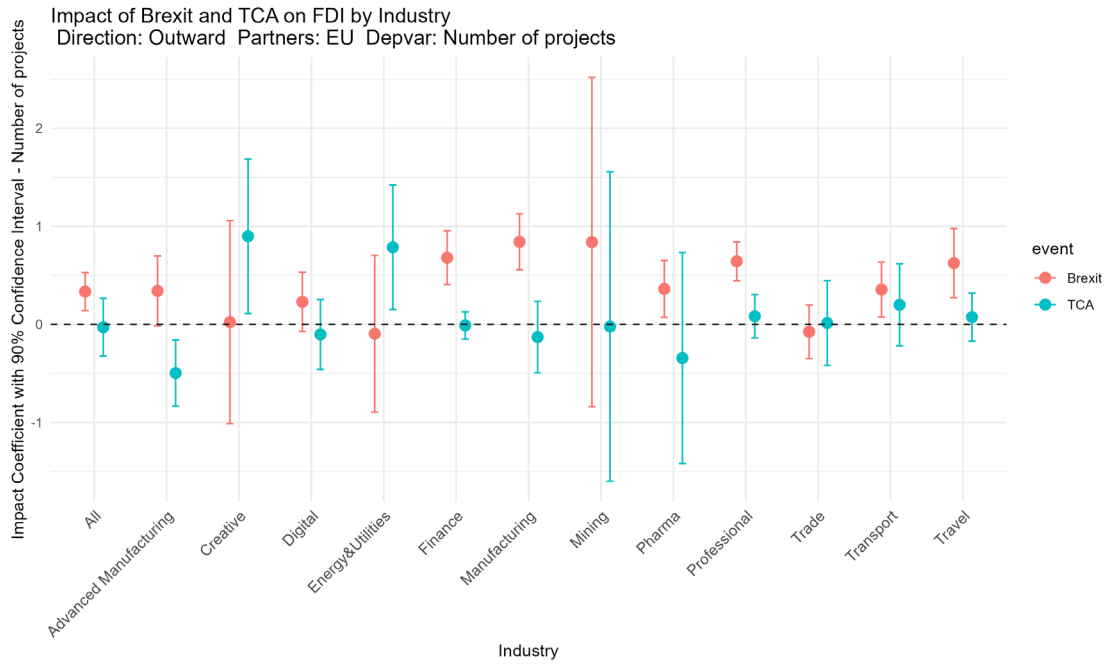
**B. Outward FDI to non-EU countries**



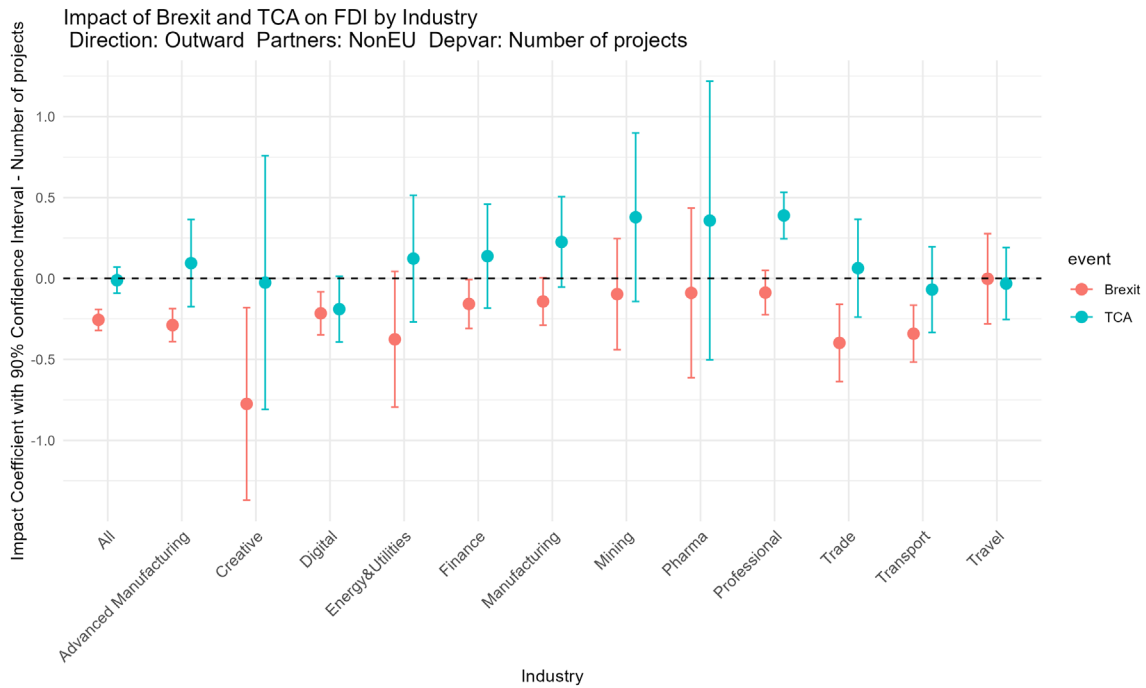
### C. Outward FDI to all partner countries

Notes: (1) Estimates from Poisson Pseudo Maximum Likelihood Difference-in-Differences (PPML-DID) regressions by industry sector. (2). Points represent impact coefficients with 90% confidence intervals. (3). Orange points show Brexit effects (referendum June 2016); blue points show TCA effects (Trade and Cooperation Agreement, effective January 2021). (4). Dependent variable in Figure 2A is the value of UK outward greenfield FDI to EU member states; Figure 2B dependent variable is the value of UK outward greenfield FDI to non-EU member states; Figure 2C dependent variable is the value of UK outward greenfield FDI to all partner countries. (5). Industries include: Advanced Manufacturing, Creative, Digital, Energy & Utilities, Finance, Manufacturing, Mining, Pharma, Professional services, Trade, Transport, and Travel. “All” represents the aggregate effect across all sectors.

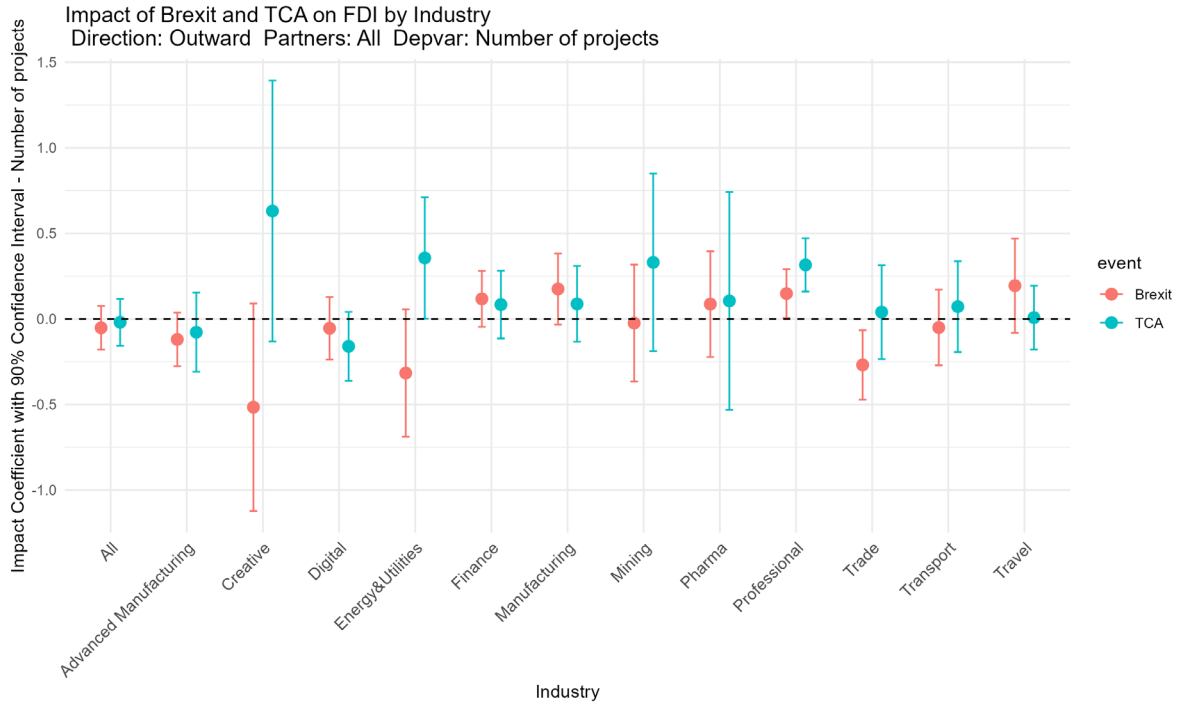
**Figure 3. Sectoral impacts of Brexit and the TCA on the number of outward FDI projects**



**A. Outward FDI to EU countries**



**B. Outward FDI to non-EU countries**



### C. Outward FDI to all partner countries

Notes: (1) Estimates from Poisson Pseudo Maximum Likelihood Difference-in-Differences (PPML-DID) regressions by industry sector. (2). Points represent impact coefficients with 90% confidence intervals. (3). Orange points show Brexit effects (referendum June 2016); blue points show TCA effects (Trade and Cooperation Agreement, effective January 2021). (4). Dependent variable in Figure 3A is the number of UK outward greenfield FDI projects to EU member states; Figure 3B dependent variable is the number of UK outward greenfield FDI projects to non-EU member states; Figure 3C dependent variable is the number of UK outward greenfield FDI projects to all partner countries. (5). Industries include: Advanced Manufacturing, Creative, Digital, Energy & Utilities, Finance, Manufacturing, Mining, Pharma, Professional services, Trade, Transport, and Travel. “All” represents the aggregate effect across all sectors.

## 5. Discussion and policy implications

### The persistence of relocation

The results indicate that Brexit prompted a structural reconfiguration of UK outward greenfield FDI, with sustained redirection of investment towards EU destinations. In manufacturing and finance, this reallocation persisted after the TCA’s implementation – EU operations in these sectors show no reversal. In professional services, advanced manufacturing, and pharmaceuticals, the TCA is associated with partial reversal, suggesting that regulatory cooperation provisions had some effect. But in no sector did the TCA fully restore pre-Brexit patterns. These are not marginal

adjustments. They represent embedded shifts in where UK multinationals locate client-facing operations, management functions, and production capacity.

Once established, these subsidiaries develop local supply chains, client relationships, and operational networks that create significant switching costs. The policy challenge is therefore not preventing imminent further relocations, but rather addressing the capability loss already incurred whilst anchoring remaining high-value operations within the UK. The embedding of past decisions matters more than the trajectory of future flows.

### **Why regulatory alignment matters more than tariff cuts**

Our sectoral analysis reveals a critical distinction: investment relocations were institutionally driven, not economically motivated. Firms did not move to the EU because labour was cheaper or markets larger. They moved because regulatory compliance requires physical presence in EU jurisdictions, because data protection rules demand it, and because mutual recognition of qualifications remains incomplete.

Pharmaceuticals provides the key evidence: Brexit initially boosted outward FDI into the EU, but the TCA is associated with a reversal. This suggests that targeted regulatory cooperation in pharmaceutical standards and marketing authorisations reduced the relocation imperative. This pattern demonstrates that addressing specific regulatory barriers works – firms responded to credible institutional frameworks by maintaining UK-based operations.

Whilst the TCA is associated with partial reversal in professional services and advanced manufacturing, the overall effect has been insufficient to restore pre-Brexit patterns. The agreement reduced tariffs and quotas, but these were rarely the drivers of relocation. What firms feared, and what they continue to respond to, is regulatory friction: the need to establish separate EU entities for compliance, barriers to cross-border service delivery, and duplication of supply chains to meet different rules of origin. These frictions displaced jobs and capabilities. Tariff differentials did not. This is why deeper regulatory cooperation – not further trade liberalisation – remains essential for anchoring high-value activities.

## **Building on the 2025 Summit: priorities for the next summit and TCA review**

The May 2025 UK–EU Summit re-established political dialogue and committed both sides to deeper cooperation across a range of areas. However, the structural issues driving investment relocation were largely deferred. These are not primarily technical questions suited to the 2026 TCA review, which will focus on implementation and compliance. They are strategic questions requiring substantive agreements at the next summit.

The evidence in this paper suggests three priorities for the next summit:

First, regulatory alignment in high-integration sectors. The 2025 Summit established dialogues on mutual recognition of professional qualifications and business mobility, and the EU–UK Financial Regulatory Forum continues to meet. But dialogues are not agreements. Professional services and finance require binding mutual recognition of regulatory authority to reduce the relocation incentive for client-facing operations. The next summit should convert these dialogues into concrete frameworks on financial services equivalence, professional licensing, and data governance.

Second, supply chain facilitation in advanced manufacturing. Firms relocated to co-locate with suppliers and manage complexity, not to escape UK costs. The 2025 Summit addressed SPS standards and chemicals/pharmaceuticals regulation but left manufacturing supply chains largely untouched. The next summit should commit to rules-of-origin flexibility, customs facilitation, and joint mapping of sectoral supply chains (automotive, pharmaceuticals, precision manufacturing) to reduce the penalty for maintaining production in the UK.

Third, data governance and digital services cooperation. Data regulation drives services relocation but was not substantively addressed in 2025. The next summit should stabilise data adequacy on a long-term basis (rather than subject it to periodic review) and establish sectoral digital services working groups. Labour mobility provisions for critical talent (data scientists, software engineers, advanced manufacturing specialists) would further reduce relocation pressure.

These go beyond trade questions; they are partnership questions. The 2025 Summit demonstrated political willingness; the next summit must translate it into the substantive agreements that our evidence shows are necessary to arrest capability displacement.

## **Investment retention complements inward attraction**

Current UK policy emphasises inward FDI attraction, which is appropriate. However, retention of existing high-value operations deserves equal strategic attention. The 2016–2023 evidence demonstrates that firms respond to long-term policy credibility: commitments to regulatory stability (labour standards, environmental policy, tax treatment) matter as much as policy levels themselves.

Announced multi-year industrial strategies with cross-party support signal stability. Complementary policies supporting supply chain infrastructure and resilience reduce incentives to relocate production closer to EU suppliers. Credible regulatory cooperation frameworks, such as those proposed above, address the institutional drivers that displaced capabilities during 2016–2023.

A UK that demonstrates regulatory stability and strategic partnership with the EU will retain high-value operations and remain competitive in global investment flows. The alternative is continued capability erosion in sectors central to productivity growth and innovation. These are not zero-sum choices between domestic retention and international expansion; they are complementary elements of a coherent investment strategy.

## **The cost of inaction and the new competitive landscape**

The embedding of UK firm subsidiaries in the EU is already well advanced, but not yet irreversible. The 2016–2023 evidence demonstrates that firms respond to institutional signals: when the TCA provided targeted regulatory cooperation in pharmaceuticals, relocation pressures diminished. This proves that credible frameworks can arrest and partially reverse capability displacement, even after initial relocations have occurred.

However, the competitive landscape has shifted fundamentally. The return of aggressive US industrial policy under the Trump administration, combining protectionist tariffs with substantial subsidies for strategic sectors, has created a new pull factor for high-value investment. The UK now faces a dual challenge: EU operations established post-Brexit continue to embed through accumulated switching costs, whilst US policy actively attracts new investment in precisely the

sectors where the UK has already lost ground – pharmaceuticals, digital technologies, and advanced manufacturing.

Current US policy extends the Inflation Reduction Act and CHIPS Act precedents more aggressively, combining regulatory streamlining with substantial tax incentives and direct subsidies for production relocation. For UK firms in pharmaceuticals and advanced manufacturing, sectors where our evidence shows significant Brexit-related EU relocations, the calculus now includes not just EU regulatory requirements but US fiscal advantages.

**The pharmaceuticals sector illustrates both opportunity and challenge.** Our evidence shows that targeted TCA provisions reduced EU relocation pressure. This demonstrates that regulatory cooperation works when implemented credibly. However, current US pharmaceutical policy offers substantial production incentives and streamlined approval processes. The UK risks being squeezed: operations that relocated to the EU for regulatory reasons remain embedded, whilst new R&D-intensive investment gravitates toward the US.

**Advanced manufacturing and digital sectors face similar pressures.** Brexit-driven supply chain frictions pushed efficiency-seeking investment to the EU; those operations are now embedding through local supplier networks. Simultaneously, US industrial policy targets advanced manufacturing and AI deployment with substantial incentives. Without credible UK responses on both fronts – EU regulatory cooperation to reduce past friction, and competitive industrial policy to counter US attractions, these sectors face continued capability erosion.

**The policy imperative is therefore twofold and urgent.** First, unfinished business from Brexit: the next UK–EU Summit must convert the 2025 commitments into binding regulatory cooperation frameworks in services and advanced manufacturing. The pharmaceuticals case proves this approach works; extending it to financial services, professional services, and manufacturing supply chains would anchor operations that might otherwise continue embedding in EU networks.

Second, responding to changed global competition: the UK requires credible industrial strategy that positions it competitively against aggressive US attraction policies. This does not mean matching US fiscal incentives pound-for-pound, which is fiscally impractical and strategically questionable. Rather, it means leveraging UK comparative advantages: proximity to European

markets, strength in fundamental research, and potential for deep EU partnership in strategic sectors. A UK positioned as a stable, integrated platform bridging EU regulatory alignment with global market access offers distinct value that neither isolated EU operations nor US-focused investments can replicate.

**The window for action is measured in years, not decades.** EU embeddings from 2016–2023 remain partially reversible if institutional frameworks change. But each year of inaction increases reversal costs. Simultaneously, the current wave of US-attracted investment in AI, advanced manufacturing, and life sciences will establish its own path dependencies within 2–3 years. The 2026 TCA review offers technical refinement, but the next UK–EU Summit must build on the 2025 political reset to establish binding regulatory cooperation frameworks whilst positioning the UK competitively in the new global investment landscape. The cost of inaction is measured in permanent capability gaps in sectors central to productivity growth and future competitiveness.

## 6. Conclusion

This paper examined how UK outward greenfield FDI adjusted to Brexit and the subsequent Trade and Cooperation Agreement, using causal inference methods applied to firm-level investment data spanning 2013–2023. The pattern is clear: Brexit redirected an estimated \$29 billion (£22 billion) of UK investment, over 101,000 jobs, and approximately 1,280 greenfield projects to the EU between 2016 and 2019. The TCA stabilised but did not reverse these shifts.

Three findings merit emphasis. First, Brexit redefined the geography of UK outward investment: firms moved substantive activities into the EU to maintain regulatory alignment and market access, most notably in professional services, finance, advanced manufacturing, and pharmaceuticals. Second, the TCA provided a degree of certainty but not full restoration: whilst some sectors (notably pharmaceuticals) show partial reversal in response to targeted regulatory cooperation, relocations in manufacturing and finance have become structurally embedded through local supply chains, client relationships, and sunk costs. Third, the underlying constraint is institutional rather than purely economic: firms relocated to maintain regulatory compliance, not to access cheaper labour or larger markets.

The policy challenge is structural capability loss, not ongoing exodus. The sectors most affected – professional services, finance, advanced manufacturing, and life sciences – are central to the UK’s innovation ecosystem. Their systematic relocation reduces domestic value capture and weakens the UK’s capacity to sustain global competitiveness. The pharmaceuticals evidence demonstrates that targeted regulatory cooperation can arrest this process. The 2025 Summit re-established political dialogue; the next summit must convert that into binding frameworks for financial services, professional services, and manufacturing supply chains that directly address the institutional frictions displacing UK capacity. The window for action remains open, but the cost of inaction compounds with each passing year as embedded relocations become permanent features of UK firms’ international strategies.

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# Technical Annex: Detailed Methodology

## A1. Data sources and construction

### Primary data source

We use project-level greenfield FDI data from Orbis Crossborder Investment (Bureau van Dijk), which is the most comprehensive publicly available source for announced greenfield investment projects. Each record includes project location (host country), investor country (source), sector (NACE Rev.2, two-digit classification), investment motive classified into 18 detailed categories, announced value (in USD), project count, and estimated job creation.

### Sample construction

Our dataset spans 2013 to 2023 and includes the top 100 investor and destination countries in terms of cumulative FDI value during this period. This ensures we capture bilateral flows whilst maintaining computational tractability. We focus on greenfield projects (new investments) rather than M&A, as greenfield investment better reflects firms' strategic positioning decisions and is more sensitive to institutional change.

### Sectoral aggregation

We analyse seven strategic sectors identified in the UK Green Book: Finance, Professional services, Advanced manufacturing, Pharmaceuticals, Digital (ICT and software), Energy and utilities, and Creative industries, alongside Mining, Trade, Transport, and Travel.

### Investment motives

The database classifies projects into 18 detailed motives, which we group into five broader categories: (1) Market-seeking – projects aimed at accessing new markets or maintaining market share; (2) Efficiency-seeking – projects aimed at reducing costs through labour arbitrage, supply chain co-location, or operational consolidation; (3) Resource-seeking – projects in extractive or primary industries; (4) Policy-seeking – projects influenced by regulatory requirements or compliance needs (e.g., establishing EU subsidiaries to maintain regulatory access); (5) Strategic asset-seeking – projects aimed at acquiring technology, brands, or capabilities. Projects lacking clear motive classification were excluded from motive-specific analysis but retained in aggregate estimates.

### Treatment definition

We define two treatment periods: (1) Brexit period – 2016 onwards (post-referendum); (2) TCA period – 2021 onwards (post-implementation). We compare UK investment patterns in these periods against a synthetic control constructed from comparator countries unaffected by Brexit.

## A2. Estimation strategy

We employ two complementary causal inference methods. Both methods require strong assumptions (details below), but their convergence strengthens confidence in findings.

### Method 1: Synthetic Difference-in-Differences (SDID)

#### Rationale

SDID constructs a weighted synthetic control – a combination of comparator countries whose pre-Brexit investment trends closely matched the UK's. We then compare the UK's actual post-Brexit trajectory to what this synthetic control predicts.

#### Implementation

The synthetic control is constructed by: (1) identifying countries with similar pre-2016 investment patterns to the UK (same destination countries, similar sector composition); (2) weighting these comparators to minimise the difference between their pre-Brexit trajectory and the UK's; (3) projecting forward: what would the UK's investment have been had it followed the synthetic control trajectory?; (4) calculating the difference between actual and synthetic – this is the Brexit effect.

#### Interpretation

An SDID log-point estimate of +0.622 translates to an 86.3% increase in levels ( $\exp(0.622) - 1 = 0.863$ ): conditional on global trends, Brexit was associated with 86.3% more EU-directed investment than would have occurred otherwise.

#### Advantages and limitations

SDID performs well when the pre-treatment period is long and trends are stable (our case: 3 years of pre-referendum data). It is sensitive to the choice of comparator countries, so we conduct robustness checks using different country pools.

### Method 2: Poisson Pseudo-Maximum Likelihood Difference-in-Differences (PPML-DID)

#### Rationale

Investment data frequently contains zeros (bilateral pairs with no projects in a given year) and follows a count or heavily skewed distribution. PPML is specifically designed for such data, avoiding bias from log-linearisation.

#### Implementation

We estimate a two-way fixed effects (TWFE) model using PPML, with destination country and time fixed effects (capturing time-invariant destination characteristics and global business cycle), interaction terms for post-referendum (2016+) and post-TCA (2021+) periods, separate estimates for EU vs. all destinations, and disaggregation by sector and investment motive.

#### Model specification

$$E[\text{FDI}_{ijt}] = \exp(\alpha_i + \gamma_t + \beta_1 \cdot \text{Brexit}_t + \beta_2 \cdot \text{TCA}_t + \varepsilon_{ijt})$$

where  $i$  indexes destination country,  $j$  indexes sector or motive,  $t$  indexes time (year),  $\text{Brexit}_t = 1$  if  $t \geq 2016$  (0 otherwise),  $\text{TCA}_t = 1$  if  $t \geq 2021$  (0 otherwise). The coefficients  $\beta_1$  and  $\beta_2$  are elasticities: they represent percentage changes in expected FDI.

### **Advantages and limitations**

PPML handles zeros and skewed distributions better than ordinary least squares. It does not require the parallel trends assumption (required for DID) but assumes that unobserved factors affecting UK investment are time-invariant. We address this by including comprehensive fixed effects and conducting placebo tests (i.e., checking whether results hold if we falsely assign the Brexit date to earlier years).

### **A3. Validity and robustness**

#### **Parallel trends**

Both methods assume that absent Brexit, UK investment would have evolved similarly to comparator countries (SDID) or would have continued its pre-existing trajectory (PPML-DID). We test this by examining pre-2016 trends and showing they are statistically parallel.

#### **Placebo tests**

We re-estimate the model falsely assigning Brexit to 2014 or 2015. If the method is sound, these placebo effects should be near zero. Results confirm this.

#### **Alternative specifications**

We estimate PPML with alternative fixed effects structures (excluding specific regions, time windows), alternative treatment definitions (lagged effects, extended implementation periods), and alternative outcomes (value, project count, jobs separately). Substantive results are robust across these variations.

#### **Heterogeneity**

We disaggregate estimates by destination (EU vs. non-EU), sector (seven categories), and motive (five categories) to identify which segments of the investment portfolio were most affected. Wide confidence intervals in some subgroups (e.g., Creative industries) indicate substantial heterogeneity, which we flag in results.

### **A4. Interpretation and caveats**

#### **What we identify**

These methods identify the average effect of Brexit on UK outward FDI conditional on observed trends and comparator country behaviour. They do not identify why firms made these decisions (we infer motives from data on stated project purposes and sectoral patterns), nor do they measure welfare effects (higher EU investment may reflect value-creation or value-destruction depending on returns).

#### **What we cannot identify**

We cannot separate the referendum shock from subsequent Brexit negotiations, trade deal uncertainty, and sterling depreciation. All are conflated into the 'Brexit effect.' Likewise, the TCA effect includes not only the agreement itself but also the resolution of uncertainty and any policy changes coinciding with its implementation.

## Generalisability

Results apply to greenfield FDI and may not reflect M&A patterns, FDI stock adjustments, or inward investment. Sector-specific estimates are based on smaller samples and should be interpreted as exploratory evidence rather than definitive findings.

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## Robustness checks Annex

**Table A1. Brexit and TCA effects on UK outward greenfield FDI: Robustness checks**

	EU		Non-EU		All	
	Brexit	TCA	Brexit	TCA	Brexit	TCA
<b>A: Value</b>						
Impact	0.574** (0.13)	-0.031 (0.25)	-0.219 (0.15)	0.026 (0.30)	-0.057 (0.13)	0.011 (0.24)
Observations	28,882	32,256	28,882	32,256	28,882	32,256
Pseudo R-squared	0.813	0.780	0.813	0.780	0.813	0.780
<b>B: Number of Projects</b>						
Impact	0.340** (0.12)	-0.001 (0.19)	-0.251** (0.041)	-0.008 (0.054)	-0.046 (0.080)	-0.005 (0.089)
Observations	29,176	32,744	29,176	32,744	29,176	32,744
Pseudo R-squared	0.867	0.851	0.867	0.851	0.867	0.851
<b>C: Number of Created Jobs</b>						
Impact	0.367** (0.080)	-0.031 (0.18)	-0.156+ (0.091)	-0.007 (0.15)	-0.028 (0.079)	-0.014 (0.12)
Observations	28,833	32,224	28,833	32,224	28,833	32,224
Pseudo R-squared	0.857	0.843	0.857	0.843	0.857	0.843

Notes: (1). Estimates from Poisson Pseudo Maximum Likelihood Difference-in-Differences (PPML-DID) regressions. (2). Standard errors in parentheses. \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.10$ . (3). Dependent variables: Panel A = value of UK outward greenfield FDI; Panel B = number of greenfield FDI projects; Panel C = number of jobs created. (4). Brexit treatment captures UK's EU exit (referendum June 2016); TCA treatment reflects the Trade and Cooperation Agreement (effective January 2021). (5). EU columns show FDI to EU member states, non-EU columns show FDI to other destinations, and All columns aggregate both.