

UK Businesses Shift Investment Focus Away from US Amid Rising Domestic Confidence, Deloitte Survey Shows

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UK firms are showing a marked decline in interest in investing in the United States, according to a new Deloitte survey, with confidence in the American market falling sharply since late 2024. The survey, which polled 66 chief financial officers (CFOs) from major UK businesses, revealed that only a net 2% now consider the US an attractive destination for

investment, down significantly from 59% in the previous quarter. Instead, the UK and India have emerged as the top investment targets, reflecting a shift in sentiment toward domestic and emerging markets.

The survey, conducted between June 16 and 29, highlights a growing sense of caution among UK business leaders when considering the US economy. The decline in interest is being attributed to increasing concerns over protectionist trade policies and the unpredictable direction of US fiscal and regulatory frameworks. Although the US remains ahead of other developed regions like the EU and China in perceived attractiveness, the loss of appeal signals a broader reassessment of global investment priorities.

At the same time, confidence in the UK economy has risen modestly. The Deloitte survey recorded a net 13% of CFOs viewing the UK as an attractive investment destination, up from -12% in the previous quarter. This renewed optimism comes despite persistent concerns about sluggish economic growth and inflation. Analysts suggest the shift reflects a combination of political stability under the new government and hope for future pro-business reforms.

Deloitte UK chief executive Richard Houston noted that the shift represents a rare moment of renewed faith in the domestic economy. While businesses remain wary of structural challenges, the willingness to commit capital to UK-based operations is seen as a positive development after years of Brexit-related uncertainty and economic stagnation.

However, the overall tone of the survey remains cautious. Business sentiment, while slightly improved, is still in negative territory. The net

optimism reading rose from -14% to -11%, showing only a tentative recovery. Concerns around labour shortages, regulatory pressures, and cost inflation continue to weigh heavily on decision-makers. Additionally, there is growing anticipation about the government's upcoming budget, with speculation over potential tax rises adding to the climate of caution.

The decline in enthusiasm for US investments underscores how geopolitical shifts, trade tensions, and domestic conditions are prompting UK businesses to reassess their strategies. As firms weigh their next moves, the UK government faces pressure to maintain the momentum in business confidence while navigating economic headwinds.