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Manufacturing makes a comeback

FDI GLOBAL OUTLOOK REPORT 2011

PRODUCED BY
fDi Intelligence
GLOBAL INSIGHT FROM THE FINANCIAL TIMES LTD

PUBLISHED BY
FT Business
FINANCIAL TIMES

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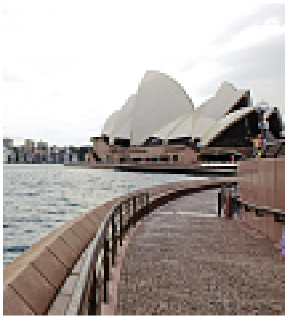

Published by The Financial Times Ltd, Number One Southwark Bridge, London SE1 9HL, UK Tel: +44 (0)20 7873 3000. Editorial fax: +44 (0)20 7775 6416.

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One-year subscription rates
£295 for fDi Magazine and full access to fDiIntelligence.com; £225 for fDi Magazine only
Please contact us for details of other currencies

Registered Number: 227590 (England and Wales) ISSN: 1476-301X

FDI's cautious recovery

LAST YEAR SAW FURTHER DROPS IN FDI LEVELS GLOBALLY, THOUGH THE RATE OF DECLINE SLOWED MARKEDLY. THE PRECARIOUS NATURE OF THE ECONOMIC RECOVERY POSES A THREAT TO FDI PROSPECTS FOR 2011, BUT **fDi** INTELLIGENCE EXPECTS GREENFIELD PROJECTS TO RETURN TO GROWTH IN THE COMING YEAR. BY **HENRY LOEWENDAHL**

While the world economy rebounded with solid GDP growth in 2010, investors remained cautious about their foreign expansion plans.

The number of greenfield FDI projects declined fractionally by 0.38% in 2010, following a decline of 17.3% in 2009. Greenfield capital investment fell by 16% in 2010, on top of the 36% decline in 2009, due to major declines in the capital-intensive natural resources and real-estate sectors. Job creation by greenfield investors also declined by 4% last year.

Lacklustre economic recovery, exchange rate instability and the sovereign debt crisis weighed heavily on investors' FDI plans for Europe, with a 15% decline in greenfield FDI projects in western Europe in 2010 – a larger decline than in any other region. With a further scaling back of investments in real estate and natural resources, FDI in the Middle East continued to decline, with a 45% fall in capital investment in 2010.

Brazil and Australia thrive

Brazil moved rapidly up the rankings of the leading FDI locations in the world in 2010. With 28% growth in greenfield FDI projects, Brazil was the seventh leading location for projects in 2010, up from 11th place in 2009. Capital investment into Brazil increased by 19.7% and job creation by 64.5%, making it the fourth biggest country in the world for greenfield investment and jobs. Brazil was behind only China, India and the US when it came to job creation in 2010. The country experienced very strong growth in inward investment in the renewable energy, electronics, chemicals and food and beverages sectors in particular.

Australia also performed strongly in 2010, with a 39.5% increase in FDI projects (moving it from 16th place in 2009 to ninth in 2010) and a 2.5-fold increase in capital investment, catapulting the country from 16th place in 2009 to fifth place in 2010. Poland and Canada also recorded very strong growth of FDI projects in 2010, with 33.7% growth in project numbers in Poland (although the 254 projects attracted in 2010 were still far below the peak of 355 in 2008) and 16.3% growth in project numbers in Canada.

US and China consolidate lead

While Brazil, Australia, Poland, Canada and other countries achieved faster growth in FDI in 2010, the US and China further consolidated their market share dominance. With strong growth in FDI into both US and China, their combined market share of global FDI projects increased from 17.7% in 2009 to 20.3% in 2010. The countries' combined share of global capital investment remained unchanged at 17.6% in 2010.

The overall ranking of the world's leading

locations for FDI remained unchanged in 2010 in terms of number of greenfield FDI projects attracted, with US at the top followed by China, UK, India and Germany.

Asia's big four expand rapidly
Indian, South Korean, Japanese and Chinese companies were among the fastest growing investors overseas in 2010. Indian companies established 24% more FDI projects overseas in 2010, making India the ninth largest investor by number of projects in 2010. Indian firms created 43% more jobs overseas, moving the country from 18th place in 2009 to 10th place in 2010 by number of jobs created overseas. Indian companies accelerated investment overseas across different industries, with the biggest growth in the business services, metals, software and IT, and leisure and entertainment sectors. Indian companies expanded fastest in the UK, but the US and Gulf states also attracted increased FDI.

South Korean FDI projects overseas increased by 12.5%, with capital investment up 36% and job creation up 50% in 2010. South Korea moved up the rankings to be the sixth largest global investor overseas in 2010 in capital investment and the fifth biggest creator of overseas jobs. The fastest growth by South Korea's firms overseas was in the electronics, automotive and plastics sectors.

There was a 13.9% increase in FDI projects overseas from Japan in 2010 and a 25%

INDIAN, SOUTH KOREAN, JAPANESE AND CHINESE COMPANIES WERE AMONG THE FASTEST GROWING INVESTORS OVERSEAS IN 2010

Building up: manufacturing was the major sector growth story in 2010. Overall FDI manufacturing projects grew by 20% in the year

increase in job creation, as Japanese companies established larger projects overseas. Japanese companies were the second largest creator of jobs overseas, after the US. Chinese firms also increased the number of jobs created overseas by 10% and capital investment by 2.5% in 2010. China ranked eighth in the world by capital investment and job creation overseas.

Software and IT top sectors

With a 5.4% growth in FDI projects in 2010, software and IT replaced financial services as the leading sector for greenfield FDI projects in 2010. FDI projects in financial services fell by 5% in 2010. However, the main trend in 2010 was the major growth in manufacturing sectors. Overall, the number of FDI projects in manufacturing sectors grew by 20% in 2010, and job creation grew by about 25%.

The metals and automotive original equipment manufacturer (OEM) sectors had the biggest absolute increase in capital investment overseas in 2010, with 43% and 34% growth, respectively. In 2010, the metals sector became the second major sector for capital investment globally (after coal, oil and natural gas) and automotive OEM the third biggest sector.

Real estate was again one of the worst performing sectors, with a more than 50% decline in capital investment overseas in 2010. Capital investment in 2010 was less than one-fifth the level of 2008.

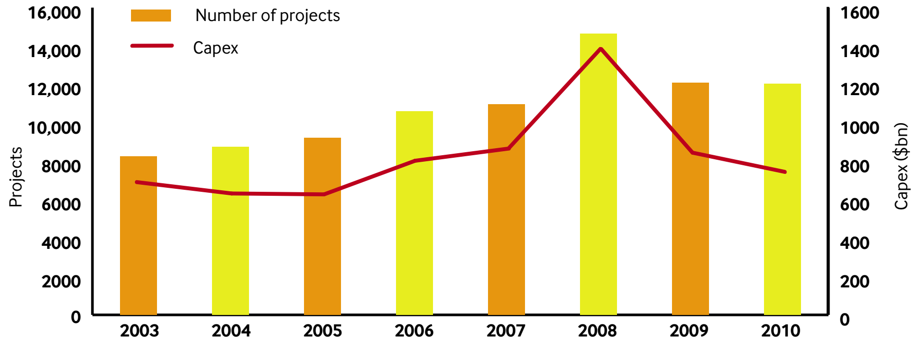
Creative industries and environmental technology, which have been the two fastest growing sectors for FDI, remained relatively flat in 2010, with 1.9% and 0.3% increases in projects, respectively. However, their market share of global FDI increased marginally from 5.1% in 2009 to 5.2% in 2010 for creative industries and from 5.2% to 5.3% for environmental technology.

"fDi INTELLIGENCE IS EXPECTING A 6.5% GROWTH IN GREENFIELD FDI IN 2011"

Recovery forecast

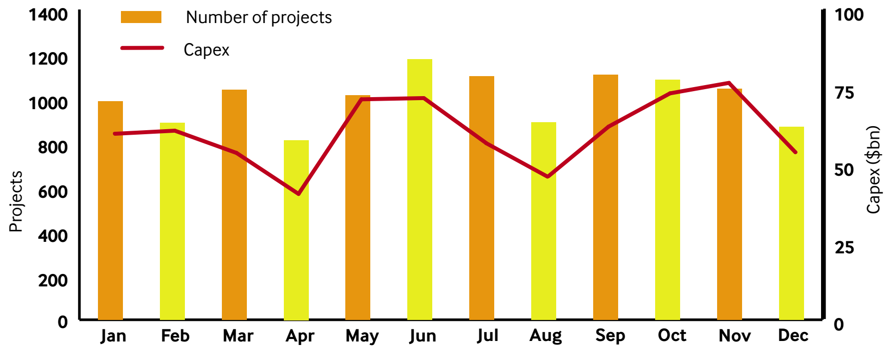
The FDI forecasting unit of **fDi** Intelligence is expecting a 6.5% growth in greenfield FDI in 2011, with most countries attracting more greenfield FDI in 2011 than 2010. Strong growth is expected in the automotive, industrial machinery and equipment, metals and chemicals sectors in particular. Renewable energy should also recover in 2011 and grow strongly. **fDi** Intelligence also expects growth in natural resources investment in 2011, after a sharp decline in 2010, although this will depend on the easing of political instability in the Middle East and north Africa. Slower growth in FDI is expected in business services, financial services, and food and beverages. ■

GLOBAL FDI BY NUMBER OF PROJECTS AND CAPEX, 2003-2010



Note: Includes estimates
Source: fDi Markets

GLOBAL FDI BY NUMBER OF PROJECTS AND CAPEX, 2010



Note: Includes estimates
Source: fDi Markets

GLOBAL FDI BY JOBS CREATED, 2003-10

YEAR	JOBS	% CHANGE
2003	1,868,465	n/a
2004	1,765,427	-6%
2005	1,846,310	5%
2006	2,294,381	24%
2007	2,516,799	10%
2008	3,375,735	34%
2009	2,129,768	-37%
2010	2,035,593	-4%
Total	17,832,478	
Average	2,229,060	

Note: Excludes interstate and retail, includes estimates
Source: fDi Markets

GLOBAL FDI BY JOBS CREATED, 2010

MONTH	JOBS	GROWTH
Jan	183,389	n/a
Feb	143,181	-22%
Mar	165,700	16%
Apr	110,120	-34%
May	188,554	71%
Jun	166,795	-12%
Jul	182,490	9%
Aug	168,710	-8%
Sep	192,901	14%
Oct	204,368	6%
Nov	174,917	-14%
Dec	154,468	-12%
Total	2,035,593	

Note: Excludes interstate and retail, includes estimates
Source: fDi Markets

IN FOCUS

GLOBAL FDI SHOWS GREEN SHOOTS

fDi Intelligence reported a decline in greenfield FDI projects of 17.3% in 2009, with associated capital investment and job creation falling by more than one-third. The latest figures released by the fDi Markets databases reveal that although FDI fell in 2010, the pace of decline has slowed markedly and many segments of the global FDI market recorded strong positive growth.

In 2010, fDi Markets tracked a total of 12,047 FDI projects with associated investment of an estimated $748.8bn, creating an estimated 2,035,593 jobs. The number of FDI projects in 2010 was marginally down by 0.38% on 2009 figures. Total capital investment and job creation in 2010 fell by 16% and 4% respectively – a much smaller decline than the 36% fall in capital investment and 37% fall in job creation in 2009.

In 2010, the average capital investment per project was $62m with 169 jobs created, compared with the average project size in 2009 of $73.8m and 176 jobs created.

Monthly investment patterns throughout 2010 were relatively constant with slight dips in figures in April and August. The biggest capital investment project of the year occurred in February with Malaysian company Petronas announcing a $16bn investment in Gladstone, Australia, with the aim of creating a joint venture to develop and operate a gas pipeline.

Software and IT services, business services and financial services rank as the top sectors for FDI in 2010, together accounting for almost one-third of global FDI projects. Manufacturing re-emerged as the top activity in 2010 with a 21% increase in manufacturing projects in 2010.

Asia-Pacific remains the top destination for investors, attracting one-third of global FDI in 2010. The US outperformed China for the second year running as the top destination country in 2010 ranked by number of FDI projects, although China was number one when ranked by capital investment and job creation.

Companies with their global headquarters in western Europe accounted for 44% of global FDI projects in 2010. The rest of Europe emerged as an important source market as companies headquartered there established one-fifth more FDI projects overseas in 2010 than in 2009.

Rising fast: companies from Seoul (above) made a big impact in 2010 with regards to overseas locations, but it was the more established places such as the US (top left) and London (bottom left) that dominated

Familiar names top FDI source rankings

DESPITE A DROP IN OVERSEAS PROJECTS, WESTERN EUROPE HAS RETAINED ITS POSITION AS THE WORLD'S LEADING SOURCE REGION FOR FDI, WHILE THE MIDDLE EAST CONTINUED ITS DECLINE

Western European companies established 5302 FDI projects overseas in 2010, investing an estimated $298bn and creating an estimated 735,798 jobs. The region accounted for 44% of FDI projects overseas, despite a 4% year-on-year decline.

FDI from Middle East companies continued its sharp decline in 2010, with companies setting up 15% fewer FDI projects in 2010, following a 32% decline in 2009. Capital investment by companies headquartered in the region declined by more than 50% in 2010, following a 59% decline in 2009. Most notably Bahrain (-63%), Saudi Arabia (-45%) and Kuwait (-26%) witnessed large negative growth in FDI projects established overseas. The current political crisis in the Middle East and north Africa means that the region's prospects for 2011 are uncertain.

Rest of Europe rise

The 'Rest of Europe' region, comprising eastern Europe, south-east Europe and Russia, replaced the Middle East as the fourth largest source market for FDI projects following a 20% increase in projects overseas in 2010. The Rest of Europe was the only region to see an increase in capital investment overseas, which was up 17%.

North America, Asia-Pacific and Latin America and the Caribbean all had small year-on-year increases of outward FDI projects of 3%, 4% and 6%, respectively. Latin America and the Caribbean is the only region to have a year-on-year increase in the number of outward FDI projects over the past seven years, indicating the economic growth and dynamism of the region. However, with only 2% of global FDI projects, the region still has a long way to go before becoming a global player in outward FDI.

Only 1.19% of global FDI projects were from African companies in 2010, following another 12% year-on-year decline in the number of overseas FDI projects. Investment and jobs created by African companies overseas declined by 1% and 3%, respectively, in 2010.

US leads greenfield FDI

The US was again the leading source country for greenfield FDI, with US companies announcing 2800 FDI projects overseas, more than double the number of the second leading source country, the UK. The US accounted for 25% of global FDI projects, 16% of global capital investment and 20% of estimated jobs created. US companies announced 113 more FDI projects overseas in 2010 than in 2009, the highest increase in overseas FDI of any source country.

After the US, the UK, Germany, Japan and France were the top source countries for FDI in 2010. Of these countries, Japan experienced the biggest year-on-year increase in overseas FDI with a 14% increase in the number of projects, while France had the biggest decline of 16%, with a 29% decline in capital investment overseas.

South Korean companies recorded a 12.5% growth in FDI pro-

SEOUL-BASED COMPANIES CREATED MORE THAN 95,000 ESTIMATED JOBS OVERSEAS IN 2010

jects overseas in 2010. Associated capital investment increased by 36%, making the country the sixth largest investor overseas in 2010, up from 11th place in 2009. An estimated 106,443 jobs were created overseas by South Korean companies in 2010, 50% higher than in 2009, making the country the fifth biggest creator of jobs overseas in the world.

London top source city

London remained the top source city for FDI projects for the sixth year running in 2010, with companies headquartered there announcing 616 FDI projects (5% of the global total), with estimated capital investment of $41bn and creating more than 70,000 jobs.

Paris ranked second to London in terms of outward FDI projects in 2010, although with a decline in overseas projects of 19%, it led New York by only three projects. Tokyo was in fourth position with Seoul in fifth.

Seoul-based companies created more than 95,000 estimated jobs overseas in 2010, 59% higher than 2009, ranking Seoul as the top source city in the world in terms of job creation overseas. These jobs were created as a result of 171 projects and almost $32bn in estimated capital investment – an increase of 38% compared with 2009.

Each of the 11 Japanese cities that featured in the top 150 cities for FDI projects overseas in 2010 witnessed an increase in FDI projects in comparison with 2009. These cities accounted for 6% of global FDI projects in 2010. ■

GLOBAL FDI BY SOURCE WORLD REGION, 2010

SOURCE REGION	PROJECT NUMBERS	% CH ON '09	CAPEX ($BN)	% CH ON '09	JOB CREATION	% CH ON '09
Western Europe	5302	-4%	297.78	-19%	735,798	-10%
North America	3086	3%	212.12	-19%	451,761	0%
Asia-Pacific	2417	4%	136.78	-4%	628,469	2%
Rest of Europe	461	20%	30.36	17%	76,021	7%
Middle East	354	-15%	38.02	-51%	82,342	-26%
Latam & Caribbean	284	6%	19.24	-6%	43,738	-4%
Africa	143	-12%	14.46	-1%	17,464	-3%
Total	12,047	0%	748.75	-16%	2,035,593	-4%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

GLOBAL FDI BY TOP FIVE SOURCE COUNTRIES, 2010

SOURCE COUNTRY	PROJECT NUMBERS	% CH '09	SOURCE COUNTRY	CAPEX ($BN)	% CH '09	SOURCE COUNTRY	JOBS CREATED	% CH '09
US	2800	4%	US	121.01	-13%	US	415,453	2%
UK	1140	-4%	UK	61.81	-3%	Japan	213,361	25%
Germany	1101	4%	Germany	60.88	0%	Germany	162,371	0%
Japan	859	14%	Japan	57.98	-10%	UK	131,272	-3%
France	590	-16%	France	39.53	-29%	S Korea	106,439	51%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

GLOBAL FDI BY TOP FIVE SOURCE CITIES, 2010

SOURCE CITY	PROJECT NUMBERS	% CH '09	SOURCE CITY	CAPEX ($BN)	% CH '09	SOURCE CITY	JOBS CREATED	% CH '09
London	616	-1%	London	41.30	13%	Seoul	96,215	59%
Paris	366	-19%	Paris	32.04	-29%	Tokyo	87,487	27%
New York	363	17%	Seoul	31.94	38%	London	72,332	4%
Tokyo	337	2%	Tokyo	17.83	-56%	Paris	62,372	8%
Seoul	171	13%	Kuala Lumpur	16.66	243%	Detroit	51,569	221%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

Asia-Pacific growth story continues

ASIA-PACIFIC HAS RETAINED ITS POSITION AS TOP FDI DESTINATION REGION, WHILE THE US REMAINS THE LEAD DESTINATION COUNTRY AND SINGAPORE STAYS AT THE HELM OF THE CITY RANKINGS

The overall destination trends in 2010 remain the same as in 2009, with Asia-Pacific ranking as the top destination region by number of FDI projects attracted, the US top destination country and Singapore top destination city.

Since **fDi** Markets records began in 2003, Asia-Pacific has been the top destination region for global FDI. The region continued to dominate in 2010, attracting more than one-third of global FDI projects, capital investment and jobs. The numbers of projects and jobs created in the region remained similar to 2009 levels, with capital investment declining 12% to $265bn. However, this decline was lower than the overall global decline in capital investment of 16%.

Rest of Europe growing fast

Despite an overall decline globally, the 'Rest of Europe' region and North America were the fastest growing regions for greenfield FDI in 2010, increasing 23% and 19%, respectively. However, the two regions attracted less capital investment than during 2009, down 20% in North America and 15% in the Rest of Europe in 2010.

Western Europe, Africa, the Middle East and Latin America and the Caribbean all faced a decline in the number of FDI projects attracted in 2010. Western Europe was the hardest hit as project numbers declined 15%, capital investment figures fell by 28% and 25% fewer jobs were created as a result. The Middle East suffered the most in terms of capital investment, with figures down 45% compared with 2009.

While the number of FDI projects into Latin America and the Caribbean declined by 4% in 2010, capital investment and job creation in the region increased by 8% in 2010, with announced capital investment reaching an estimated $111.99bn.

It was the only region to record an increase in capital investment and job creation in 2010, as foreign companies became more confident about the area's economic prospects and established larger projects.

US stays ahead of China

For the second year running, the US attracted more FDI projects than any other country with 1331 projects, compared with 1158 in China. Both the US and China recorded growth in FDI projects in 2010, with a 19% increase in the US and 13% increase in China. Their combined share of global FDI projects increased from 17.7% in 2009 to 20.6% in 2010.

While the US attracted more FDI projects than China, China attracted more valuable projects. China was the number one country in the world for capital investment and job creation with an estimated $77bn investment and 305,615 jobs created in 2010. The US was number two for capital investment and number three for job creation, behind India.

Big five still dominant

The top five destination countries (US, China, UK, India and Germany) together attracted 36% of all global FDI in 2010. The UK and Germany held onto spots in the top five

Still soaring: Singapore is the world's leading FDI destination city, a position it has held for two years

> FOR THE SECOND YEAR RUNNING, SINGAPORE SURPASSED ALL OTHER MAJOR CITIES

despite a 39% and 11% decline in inward FDI projects, respectively.

For the second year running, Singapore surpassed other major cities, such as Shanghai, London, Dubai and Hong Kong, to rank as the top destination city for FDI projects in 2010. The city attracted 300 projects in 2010, an increase of 8% over 2009. Capital investment in Singapore was also up 55%, creating 29% more jobs.

In terms of capital investment, Gladstone in Australia was the top city in the world due to one major project in 2010. Malaysian company Petronas announced the investment of $16bn into the city for a gas pipeline. Shanghai was top recipient for jobs created through FDI with an estimated 26,238 jobs created in the city in 2010, a decline of one-fifth on 2009, indicating companies are looking at less overheated cities in China (and elsewhere) for labour-intensive projects.

Asia-Pacific cities dominated the top global cities in terms of job creation. Four of the top five cities included Shanghai, Singapore, Tianjin (China) and Bangalore (India), which together attracted 5% of jobs created globally by FDI in 2010. ■

GLOBAL FDI BY DESTINATION WORLD REGION, 2010

DESTINATION REGION	PROJECT NUMBERS	% CH ON '09	CAPEX ($BN)	% CH ON '09	JOB CREATION	% CH ON '09
Asia-Pacific	3984	1%	265.42	-12%	884,728	0%
Western Europe	2514	-15%	87.58	-28%	172,407	-25%
Rest of Europe	1662	23%	88.94	-15%	344,234	-3%
North America	1574	19%	67.40	-20%	143,964	10%
Latam & Caribbean	1055	-4%	111.99	8%	282,007	-2%
Middle East	675	-8%	44.21	-45%	76,795	-19%
Africa	583	-11%	83.22	-13%	131,458	-7%
Total	12,047	0%	748.75	-16%	2,035,593	-4%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

GLOBAL FDI BY TOP FIVE DESTINATION COUNTRIES, 2010

DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
US	1,331	19%	China	77.17	-12%	China	305,615	-9%
China	1,158	13%	US	54.67	-22%	India	181,725	14%
UK	748	-11%	India	42.90	-13%	US	122,882	15%
India	691	0%	Brazil	41.13	20%	Brazil	120,453	65%
Germany	379	-39%	Australia	36.38	157%	Russia	100,351	1%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

GLOBAL FDI BY TOP FIVE DESTINATION CITIES, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
Singapore	300	8%	Gladstone (Aus)	16.00	3101%	Shanghai	26,238	-20%
Shanghai	252	10%	Singapore	12.98	55%	Singapore	25,179	29%
London	241	8%	Shanghai	8.37	1%	Tianjin (Chi)	24,679	191%
Dubai	180	-20%	Rio de Janeiro	7.27	600%	St Petersb'g	19,281	38%
Hong Kong	177	-24%	Cienfuegos (Cub)	5.80	n/a*	Bangalore	19,096	19%

Note: Excludes interstate and retail, includes estimates; * - no capital investment in 2009; Source: fDi Markets

Latin lesson: São Paulo is the leading FDI city in the Latin America and Caribbean region, while Brazil has ousted Mexico in the area's country rankings

US maintains lead as Brazil stars in Latam

LAST YEAR WAS A GOOD YEAR FOR BOTH THE US AND CANADA IN FDI TERMS, WITH CALIFORNIA AND ONTARIO TOPPING THE STATE RANKINGS. MEANWHILE IN LATIN AMERICA, BRAZIL OVERTOOK MEXICO AS THE LEADING FDI COUNTRY FOR THE FIRST TIME SINCE 2005

In 2010, one-fifth of foreign investors chose the Americas as a location for investment. North America's share of global FDI increased from 11% in 2009 to 13% in 2010, while Latin America and the Caribbean retained their market share of 9% of global FDI.

While North America attracted more projects than Latin America and the Caribbean, the average project size in Latin America and the Caribbean was twice the size in capital investment and three times the size in number of jobs created than that of North America.

North America has grown for the sixth consecutive year as an FDI location. Figures for 2010 show that the global recession did not deter investors from the area as project numbers increased 19% on 2009. North America was the only region to experience growth in project numbers in both 2009 and 2010.

US tops global charts

The US has maintained its position as the number one global destination country for FDI for the second successive year, extending its lead on China in terms of project numbers attracted. In 2010, though capital investment fell by 22% to an estimated $54.7bn, job creation increased to an estimated 122,882, up 15% on 2009, on top of the 19% year-on-year increase in project numbers.

Canada also performed well in 2010, with projects numbers increasing by 16%, resulting in the country climbing from 17th most attractive destination country globally for FDI to 13th. FDI projects into Canada were more capital and labour intensive than FDI into the neighbouring US. In 2010, the average project into the US was $41.1m and created 92 jobs, while the average project size in Canada was $62.5m and created 114 jobs.

California and Ontario lead states

California and Ontario maintained their positions as the top two destination states in North America for FDI in 2010. California in the US attracted a total of 172 projects, an increase of 7% in 2010, while Ontario in Canada attracted 127 FDI projects, an increase of 21% compared with 2009.

California also ranked as the top destination state in North America for capital investment, with growth of 37% in 2010, and second in terms of job creation, although it did experience a decline of 8%. Ontario ranked second in terms of capital investment and first for jobs created, but numbers fell 31% and 14%, respectively. Together these two states attracted 20% of capital investment and 14% of jobs created through FDI in North America in 2010.

Florida has best year yet

Florida experienced its best year for FDI attraction since **fDi** Markets records began in 2003. In 2010, the number of FDI projects increased 67% to 72 projects, with Florida attracting 5% of FDI into North America.

The state of New York witnessed the largest nominal increase, attracting 126 projects, up 45%, moving it to third position among destination states in North America.

The biggest movers in the rankings include South Carolina, which moved from 15th position to 11th, and Tennessee, which climbed from 22nd to 15th place, as FDI into both states almost doubled. FDI into Texas and Georgia fell 12% and 17%, respectively, in 2010.

New York and Toronto top city list
Both New York and Toronto, placed first and second, extended their leads as the top destination cities in North America in 2010 with figures up 60% and 14%, respectively. New York attracted a total of 101 FDI projects in 2010, which helped the city climb the global ranks to become the seventh most popular destination city in 2010, up from 16th place in 2009. Houston, San Francisco and Miami claimed third, fourth and fifth positions in North America with project numbers increasing by 40%, 48% and 26% respectively.

Los Angeles, California; Chicago, Illinois; and Atlanta, Georgia, fell out of the top five destination cities in North America in 2010, with project numbers down 32%, 23% and 28%, respectively.

Interstate investment increase
Interstate investments showed continued growth in 2010, with the number of interstate projects in the US rising 31%. In 2010, 2760 interstate projects in the US were recorded by **fDi** Markets, which involved a combined investment of an estimated $117bn and the creation of an estimated 782,513 jobs. While FDI into the US is growing, interstate investment is still much more important for capital investment (more than double the level of FDI) and especially job creation (more than six times the level of FDI).

Texas overtook California to become the top destination state for interstate investments in 2010. Interstate projects into Texas increased 33%, with 227 projects locating in the state in 2010. Other states that witnessed a significant increase include Tennessee (71%), Kentucky (54%) and Pennsylvania (51%). Of the top destination states, North Carolina experienced the sharpest decline of 8%.

California remained the top source state for interstate investments in 2010, with 12% of projects sourced from there. New York, Ohio and Illinois also increased in importance as source states in 2010, with outward interstate projects growing by 19%, 49% and 59%, respectively.

Financial services and business services continued to dominate the type of interstate investments, with business services the top activity, accounting for 31% of all investments. Scottrade was the most active American company for interstate investments, accounting for a total of 57 in 2010.

NORTH AMERICA

FDI INFLOWS 2010

Total projects	1574
Capital investment	$67.4bn
Total jobs created	143,964
Top sector	Software and IT services
Top investor	Toyota

Source: fDi Markets

Latam attraction
The Latin America and the Caribbean region attracted 9% of global FDI projects in 2010. A total of 1055 FDI projects located in the region, a decline of 4% on 2009 and the first decline since 2005. Despite the decline in project numbers, capital investment increased by 8% to an estimated $112bn, whereas job creation figures fell slightly by 2% to an estimated 282,007.

The region attracted among the largest projects in the world in 2010. The average capital investment per project was $106m, second only to Africa, and the average job creation per project was 267, the largest in the world.

Brazil overtakes Mexico
For the first time since 2005, Brazil overtook Mexico to rank as the top destination country for FDI into the Latin America and the Caribbean region. While the number of FDI projects increased by 29% in Brazil in 2010, Mexico experienced a 28% decrease. Brazil attracted 32% of FDI into the region in 2010, with 337 FDI projects involving a combined capital investment of an estimated $41.2bn creating an estimated 120,450 jobs. On a global level, Brazil entered the top 10 destination countries in the world, moving from 11th position to seventh place in 2010 in terms of number of FDI projects attracted. Brazil ranked fourth globally in terms of capital investment and job creation.

Colombia also witnessed success in FDI attraction as project numbers more than doubled in 2010. The country attracted a total of 89 FDI projects in 2010 which consisted of an estimated $8.3bn of capital investment creating an estimated 12,599 jobs. Eight per cent of FDI into the Latin America and the Caribbean region was located in Colombia in 2010, up from 4% in 2009.

LATAM AND CARIBBEAN

FDI INFLOWS 2010

Total projects	1055
Capital investment	$112bn
Total jobs sreated	282,007
Top sector	Software and IT services
Top investor	Telefonica and General Electric

Source: fDi Markets

Mexico ranked second in the Latin America and the Caribbean region in 2010, although project numbers, capital investment and job creation fell by 28%, 44% and 52%, respectively. As a result, Mexico did not feature in the global top 10 destinations, falling from ninth place in 2009 to 15th place in 2010. Chile and Peru also experienced a sharp decline in FDI in 2010, with project numbers down 46% and 32%, respectively.

São Paulo remains top city
São Paulo remained the top destination city in Latin America and the Caribbean in 2010 with a quarter of all FDI projects in Brazil locating there. The city attracted 85 projects, up 23%, with capital investment up 189% and job creation figures up 7% on the previous year.

Bogotá in Colombia climbed from seventh position in 2009 to second in Latin America and the Caribbean in 2010. FDI projects into the city increased 82%. Montevideo in Uruguay followed a similar trend, climbing from 17th to 10th position as FDI into the city doubled.

Mexico City experienced the largest nominal decline in the region with 44% fewer projects in 2010 compared with 2009. FDI into Santiago in Chile also declined with figures halving, resulting in a drop from third to seventh in 2010. A sharp fall in FDI from the troubled economies of Spain and the US was a key cause of the decline of FDI in both Mexico and Chile. ▶


On the ascent: California is North America's leading state for FDI

TOP FIVE DESTINATION STATES IN NORTH AMERICA, 2010

DEST'N STATES	PROJECT NUMBERS	% CH '09	DEST'N STATES	CAPEX ($BN)	% CH '09	DEST'N STATES	JOBS CREATED	% CH '09
California	172	7%	California	6.89	37%	Ontario	11,210	-14%
Ontario	127	21%	Ontario	6.31	-31%	California	9050	-8%
New York	126	45%	Texas	6.25	-52%	Nth Carolina	7772	54%
Texas	92	-12%	Tennessee	2.91	45%	Texas	6944	-34%
Florida	72	67%	Newf'dland	2.80	1806%	Tennessee	6750	82%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN NORTH AMERICA, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
New York	101	60%	Austin	3.61	593%	Las Vegas	3222	214%
Toronto	49	14%	Blythe	3.51	n/a*	Smyrna	3000	89%
Houston	35	40%	Smyrna	1.70	223%	Plaquemine	2832	n/a*
San Francisco	31	48%	Lake Mary	1.57	n/a*	Mobile	2662	4654%
Miami	24	26%	Newport Bch	1.21	n/a*	New York	2400	15%

Note: Excludes interstate and retail, includes estimates; * - no capital investment in 2009; Source: fDi Markets

TOP FIVE DESTINATION COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN, 2010

DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
Brazil	337	29%	Brazil	41.15	20%	Brazil	120,450	65%
Mexico	212	-28%	Mexico	12.87	-44%	Mexico	50,593	-52%
Argentina	93	-1%	Peru	10.96	-14%	Peru	21,685	60%
Colombia	89	107%	Colombia	8.32	346%	Argentina	19,887	22%
Chile	55	-46%	Chile	7.99	-28%	Colombia	12,599	23%

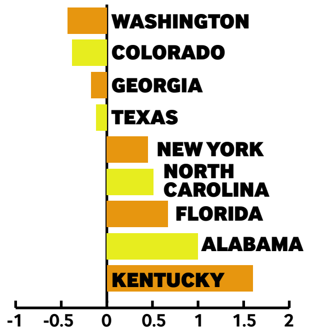
Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN LATIN AMERICA AND THE CARIBBEAN, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
São Paulo	85	23%	Rio de Janeiro	7.27	600%	Manaus	7385	2605%
Bogotá	31	82%	Cienfuegos	5.80	n/a*	São Paulo	5843	7%
Mexico City	30	-44%	Lurin	3.00	n/a*	Rio de Janeiro	4503	41%
Buenos Aires	28	-13%	São Paulo	2.73	189%	Paulinia	3877	n/a*
Rio de Janeiro	23	-23%	Suape	1.78	10352%	Mexico City	3865	-43%

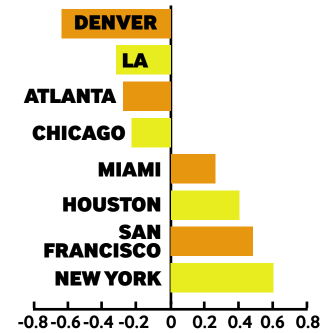
Note: Excludes interstate and retail, includes estimates; * - no capital investment in 2009; Source: fDi Markets

GROWTH COMPARISONS: STATES IN NORTH AMERICA (%), 2009-10



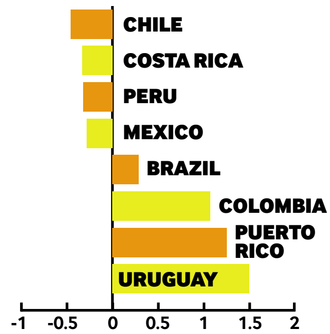
Note: Excludes interstate, excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: CITIES IN NORTH AMERICA (%), 2009-10



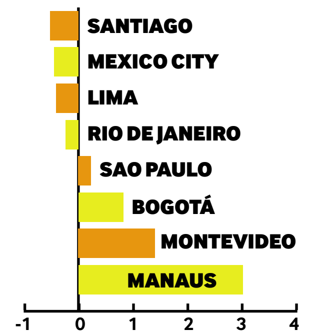
Note: Excludes interstate, excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: COUNTRIES IN LATIN AMERICA & CARIBBEAN (%), 2009-10

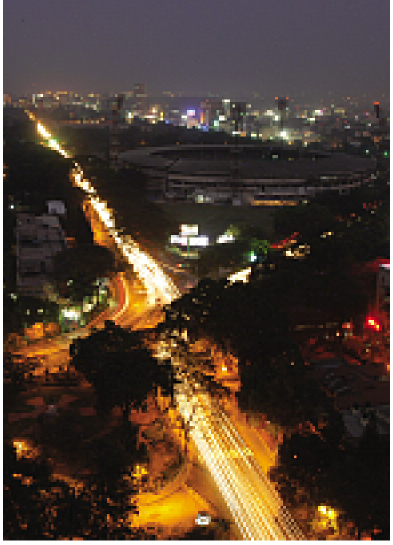


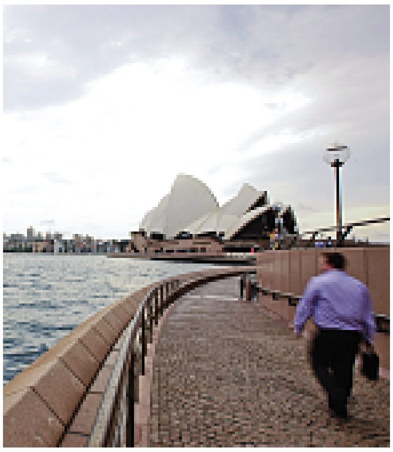
Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: CITIES IN LATIN AMERICA & CARIBBEAN (%), 2009-10



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence





China (above) remains the top FDI destination in Asia-Pacific, with financial services its top sector, while India remains in second place, thanks in no small part to the performance of Bangalore (top left), and Australia (bottom left) also performed well

Big two continue to dominate Asia-Pacific

ASIA-PACIFIC'S RISE UP THE FDI RANKINGS SHOWS NO SIGN OF SLOWING, DRIVEN BY THE BEHEMOTH ECONOMIES OF CHINA AND INDIA. HOWEVER, WHEN IT COMES TO GROWTH IT IS AUSTRALIA THAT WAS THE REGION'S STAR PERFORMER IN 2010

Asia-Pacific is established in the top tier of world destinations for FDI, and in 2010 the region consolidated this position with one-third of global FDI projects locating within its borders. Following a 19% decline in projects in 2009, a 1% increase in FDI projects was recorded in 2010 with 3984 projects locating in the region. These projects accounted for an estimated $265.4bn capital investment (35% of global investment) and created an estimated 884,728 jobs (43% of global jobs).

The total capital invested in the Asia-Pacific region fell by 12%, which was primarily due to companies investing less capital in construction and extraction operations. Jobs created by FDI in Asia-Pacific remained stable in 2010, falling by just 0.38%. FDI in manufacturing accounted for 64% of jobs in the region in 2010.

China still top destination

China extended its lead as the top destination country for FDI in Asia-Pacific in 2010. The country attracted 29% of all FDI into the region with the number of FDI projects in China up 13% in 2010. China also ranked as the top destination country in terms of capital investment and job creation, with an estimated $77bn of investment and more than 300,000 estimated new jobs created within the country.

ASIA-PACIFIC

FDI INFLOWS 2010

Total projects	3984
Capital investment	$265.4bn
Total jobs created	884,728
Top sector	Business services
Top investor	Citigroup

Source: fDi Markets

The top sectors for FDI into China in 2010 were financial services, industrial machinery, equipment and tools, and software and IT.

India is in second place for FDI within Asia-Pacific, despite a slight 0.3% decline in projects in 2010. Capital investment in India fell by 13% but 14% more jobs were created, with companies starting to set up large job-creating operations in India again.

Australia's fair advance

Australia emerged as one of the fastest growing countries globally for FDI in 2010. It achieved a 40% increase in FDI projects in 2010, which resulted in the country climbing from seventh place to become joint third leading destination country in Asia-Pacific, along with Singapore. Australia attracted 8% of all FDI projects into Asia-Pacific in 2010, up from 5% in 2009. The leading sectors for investment into Australia included software and IT, and the business services sector, which combined accounted for 39% of FDI projects in the country in 2010.

Vietnam, Hong Kong and Thailand were less attractive for FDI in 2010, with project numbers falling by 36%, 24% and 22%, respectively.

Singapore: top FDI city

Singapore has maintained its position as the top destination city in the Asia-Pacific region. fDi Markets recorded a total of 300 projects into the city in 2010, representing an increase of 8% on 2009's figures. Not only did the city perform better in regards to project numbers, but capital investment figures were also up 55%, creating 29% more jobs.

Shanghai overtook Hong Kong to rank as the second best performing Asia-Pacific city for FDI projects, with a 10% increase recorded in 2010.

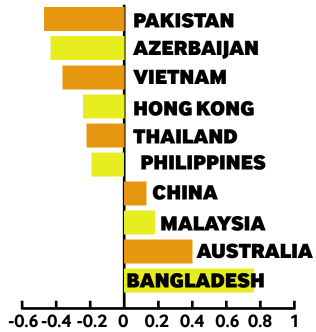
Sydney and Melbourne benefited from the overall growth of FDI into Australia in 2010, with project numbers into these cities up 20% and 81%, respectively. As a result, Sydney remained the sixth leading city in the Asia-Pacific and Melbourne increased its ranking from 20th place in 2009 to ninth place in 2010.

The city of Pune in India also performed well in 2010, attracting 52% more FDI projects than in 2009.

Intra-investment

Almost one-third of projects locating in Asia-Pacific in 2010 were investments made by companies headquartered in the region. FDI from North America was the next major source, accounting for 20% of FDI into Asia-Pacific in 2010, and increasing by 9% in 2010. Companies headquartered in London and New York were the most active investors, accounting for 11% of FDI projects in the region, with HSBC and IBM alone accounting for 8% of all projects in Asia-Pacific in 2010. ■

GROWTH COMPARISONS: COUNTRIES IN ASIA-PACIFIC (%), 2009-10



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: CITIES IN ASIA-PACIFIC (%), 2009-10

Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

TOP FIVE DESTINATION COUNTRIES IN ASIA-PACIFIC, 2010

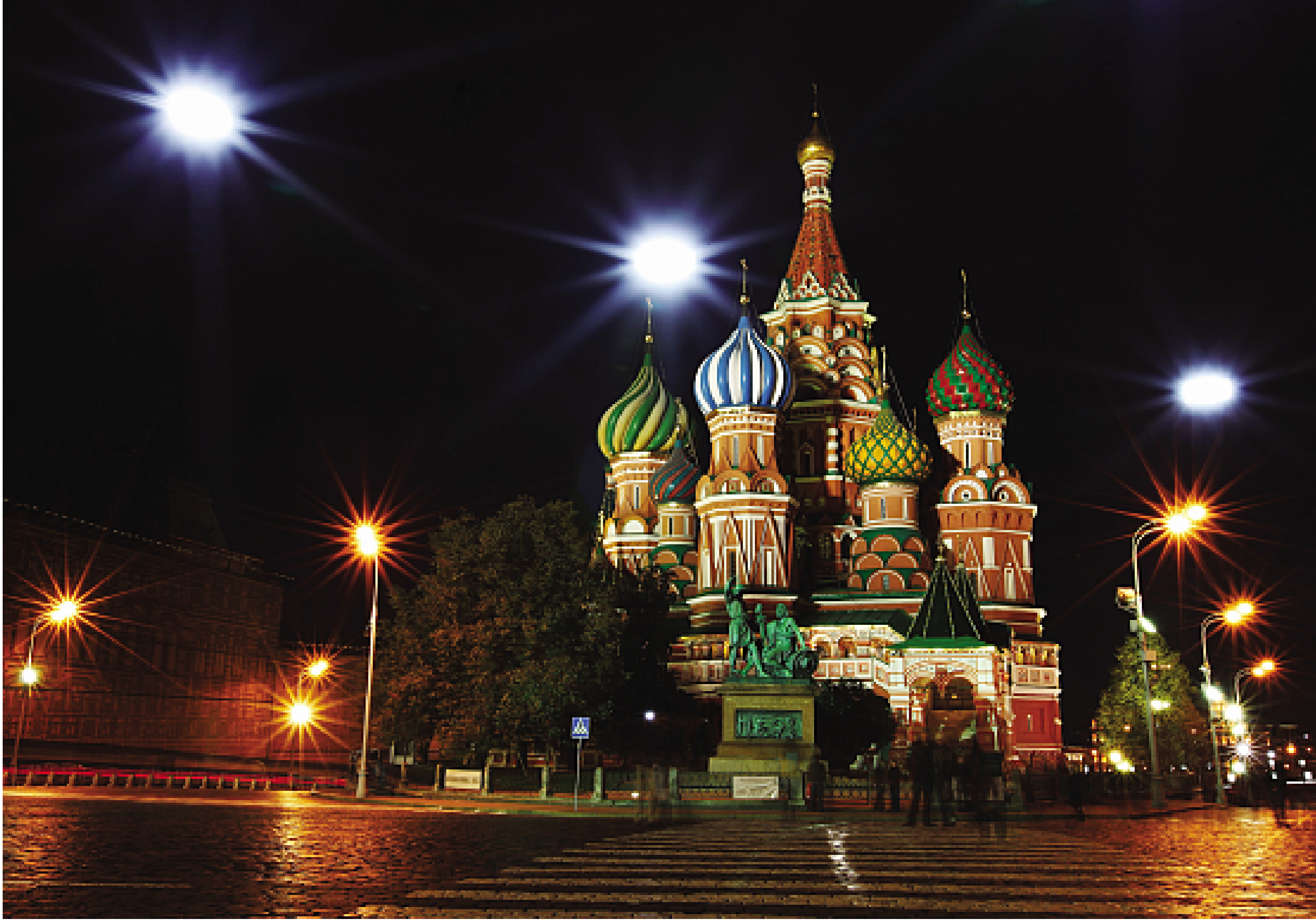
DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
China	1158	13%	China	77.16	-12%	China	305,605	-9%
India	691	0%	India	43.37	-12%	India	181,725	14%
Singapore	300	8%	Australia	36.38	157%	Vietnam	67,191	-17%
Australia	300	40%	Vietnam	29.08	-31%	Thailand	56,385	39%
Thailand	204	-22%	Singapore	12.98	55%	Malaysia	46,456	51%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN ASIA-PACIFIC, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
Singapore	300	8%	Gladstone	16.00	3101%	Shanghai	26,239	-20%
Shanghai	252	10%	Singapore	12.98	55%	Singapore	25,179	29%
Hong Kong	177	-24%	Shanghai	8.36	1%	Tianjin	24,679	191%
Beijing	131	0%	Tianjin	5.14	252%	Bangalore	19,096	19%
Bangalore	93	16%	Guangzhou	4.47	-34%	Chennai	16,150	20%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets



Sparkling performance: Russia was the 'Rest of Europe' region's top FDI destination country and Moscow its top city

Russia leads 'Rest of Europe' rebound

LONDON AND THE UK STILL TOP THE EUROPEAN CHARTS, BUT FOR FDI GROWTH IN EUROPE THE COUNTRIES IN THE EAST, SUCH AS RUSSIA AND POLAND, ARE THE CONTINENT'S BIG STORY

Despite grappling with major economic issues in 2010, not least the sovereign debt crisis, Europe still attracted 35% of global FDI projects in 2010 – more than the Asia-Pacific region. Western Europe attracted 21% of global FDI, while the 'Rest of Europe' region increased its market share from 11% of global FDI projects in 2009 to 14% in 2010.

In 2010, western Europe attracted 21% of global FDI projects, with 2514 projects investing an estimated $87.6bn of capital and resulting in the creation of an estimated 172,407 jobs. Greenfield FDI into western Europe declined across all indicators, with projects down 15%, capital investment down 28% and job creation figures down 25% in 2010.

The average project in western Europe was less capital- and labour-intensive in comparison with FDI in other regions of the world. The average project in 2010 had capital investment of $35m and created 69 jobs.

UK leading location

The UK, Germany and France remained the top three destination countries in Western Europe together attracting 55% of all FDI projects in 2010. However, FDI into these three countries fell, with projects into the UK down 11%, Germany down 39% and France down 17%. The UK attracted 748 FDI projects investing an estimated $20bn of capital investment and creating an estimated 49,856 jobs.

Despite the economic problems faced by Ireland in 2010, investors were still confident enough to invest in the country. The number of FDI projects into Ireland increased by 18%, with 147 projects in 2010. This made 2010 the best year for FDI projects into Ireland since **fDi** Markets records began in 2003. Ireland achieved a market share of 6% of FDI projects into western Europe in 2010. Dublin was the key location within Ireland, recording a 27% increase in FDI projects in 2010.

London and Paris the leading cities

Despite a decline in FDI into the UK and France, FDI into their capital cities increased in 2010 with the number of FDI projects in London up 8% and in Paris up 14%. London attracted a total of 241 projects in 2010, almost three times the number of its nearest rival, Paris. FDI into the UK's capital involved a total capi-

Defying the doom: despite the UK's economic woes, London is still western Europe's top FDI city

tal investment of an estimated $3.9bn and the creation of an estimated 7496 jobs.

Zurich in Switzerland achieved a rapid increase in FDI in 2010, with the number of projects increasing by 64%. In contrast, the German cities of Frankfurt, Berlin and Düsseldorf experienced the largest nominal declines of all western European cities, with project numbers down 37%, 42% and 39%, respectively.

India involvement increases

In 2010, almost half of inward FDI projects in western Europe were by companies headquartered in the region. The US was the single biggest source country for FDI, accounting for 31% of FDI projects in western Europe in 2010.

While most countries invested in fewer projects in western Europe in 2010, a key exception was India, with Indian companies announcing 37% more projects in western Europe in 2010 than in 2009. India was the 11th leading source country for FDI projects in the region in 2010.

WESTERN EUROPE

FDI INFLOWS 2010	
Total projects	2514
Capital investment	$87.58bn
Total jobs created	172,407
Top sector	Software and IT services
Top investor	Dubai Holding

Source: fDi Markets

REST OF EUROPE

FDI INFLOWS 2010	
Total projects	1662
Capital investment	$88.9bn
Total jobs created	344,234
Top sector	Financial services
Top investor	UniCredit

Source: fDi Markets

Rest of Europe partially recovers

After a 40% decline in FDI projects in 2009, FDI into the Rest of Europe region rebounded in 2010, with a 23% increase in projects, equivalent to 14% of global FDI in 2010. However, the 1662 projects attracted in 2010 is at pre-2005 levels. Furthermore, the average size of project fell in 2010, resulting in a 15% decline in capital investment figures and a 3% decline in job creation in the Rest of Europe.

Russia extended its lead as the top destination country for FDI in the Rest of Europe in 2010. Russian projects increased by 13%, with 366 projects, and accounted for 22% of FDI into the Rest of Europe. Overall, Russia ranked as the sixth leading destination country globally for FDI projects in 2010.

Last year was a positive year for most countries in the Rest of Europe, as FDI levels across the region started to recover after the major decline in 2009. Poland, the second leading FDI location in the region, had the highest absolute increase in FDI project numbers, with projects increasing by 34% in 2010. The leading sector for FDI in Poland in 2010 was the transportation sector.

FDI into Czech Republic grew even faster than in Poland (but smaller in absolute terms), rising 70% in 2010. Hungary and Lithuania also performed well with project numbers up 52% in both countries. Bulgaria witnessed the biggest decline in the Rest of Europe, with project numbers falling by 15% in 2010.

Moscow keeps top spot

Moscow remained the leading city for FDI in the Rest of Europe region, despite a 10% decline in project numbers in 2010. Warsaw in Poland and Budapest in Hungary became new entrants in the top five cities taking second and third place with project numbers increasing 115% and 81%, respectively, in 2010. The increase in projects into Warsaw accounted for 47% of the overall increase in projects into Poland in 2010. Brno in Czech Republic and Istanbul in Turkey also achieved rapid growth in FDI, with the number of projects up 367% and 37%, respectively.

Other than Moscow, other cities that had a decline in projects in 2010 included Kiev in Ukraine and Timisoara in Romania, with the number of projects falling by 33% and 60%, respectively.

Expansions growth

While the majority of projects into the rest of Europe involved establishing new greenfield operations, the number of expansions of existing investments increased by 69% in 2010. As a proportion of total projects into the region, the share of expansions grew from 15% in 2009 to 21% in 2010.

The majority of FDI into the Rest of Europe was sourced from neighbouring countries in western Europe, which accounted for 60% of FDI projects in the Rest of Europe in 2010. Overall project numbers were up by 11%. However, the US overtook Germany as the world's leading source country with a 43% increase in FDI projects in the region. Turkey and South Korea also became more important source markets, with projects from these countries in the region increasing by 288% and 217%, respectively, in 2010. ■

TOP FIVE DESTINATION COUNTRIES IN WESTERN EUROPE, 2010

DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
UK	748	-11%	UK	20.11	-50%	UK	49,856	-26%
Germany	379	-39%	Spain	11.74	8%	Spain	21,916	-26%
France	268	-17%	Germany	11.73	-34%	Germany	21,590	-35%
Spain	232	-9%	Netherlands	9.50	13%	France	15,606	-36%
Ireland	147	18%	Italy	7.23	-28%	Italy	11,809	-15%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN WESTERN EUROPE, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
London	241	8%	London	3.92	-16%	London	7496	-13%
Paris	87	14%	Dresden	2.18	766%	Dublin	4179	70%
Dublin	75	27%	Paris	1.93	88%	Genk (Belg)	3056	2926%
Munich	49	7%	Rotterdam	1.73	480%	Turin	3000	1900%
Madrid	44	-4%	Dublin	1.69	32%	Vienna	2891	137%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION COUNTRIES IN REST OF EUROPE, 2010

DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
Russia	366	13%	Russia	31.26	13%	Russia	100,272	1%
Poland	254	34%	Turkey	8.31	-60%	Poland	45,930	-6%
Romania	142	0%	Poland	8.29	-28%	Romania	31,869	-24%
Czech Rep	139	70%	Hungary	7.16	87%	Hungary	28,788	39%
Hungary	132	52%	Romania	6.94	-52%	Turkey	27,687	-42%

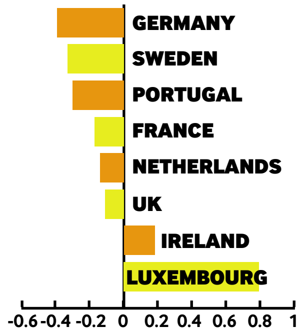
Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN REST OF EUROPE, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
Moscow	73	-10%	Nab. Chelny	3.30	2928%	St Petersb'g	19,221	38%
Warsaw	56	115%	St Petersb'g	2.91	25%	Budapest	10,960	150%
Budapest	49	81%	Budapest	2.03	263%	Moscow	9,798	21%
Istanbul	48	37%	Istanbul	2.01	-9%	Bucharest	8,747	-36%
Prague	41	32%	Moscow	1.93	19%	Istanbul	6,579	-15%

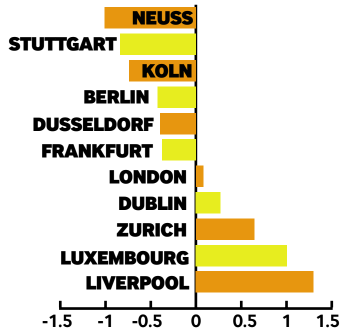
Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

GROWTH COMPARISONS: COUNTRIES IN WESTERN EUROPE (%), 2009-10



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: CITIES IN WESTERN EUROPE (%), 2009-10



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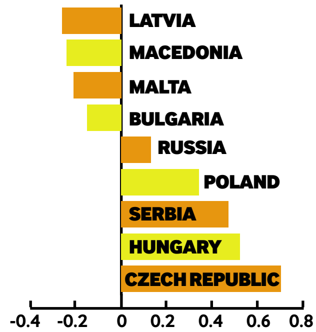
GROWTH COMPARISONS: COUNTRIES IN REST OF EUROPE (%), 2009-10



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: CITIES IN REST OF EUROPE (%), 2009-10

Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

Baghdad: the Iraqi capital has witnessed an increase in FDI activity

Middle East and Africa trapped in FDI dip

THE MIDDLE EAST AND AFRICA WITNESSED A TORRID 2010 IN FDI TERMS, WITH FEW COUNTRIES SHOWING ANY SIGNS OF RECOVERY. INDEED, THOSE THAT MANAGED TO SHOW ANY MEANINGFUL GROWTH – IRAQ, JORDAN, TANZANIA AND MOZAMBIQUE – DID SO FROM A VERY LOW STARTING POINT

The Middle East experienced an 8% drop in FDI projects in 2010 and Africa a decline of 11%. Capital investment in the Middle East fell by 45%, with 19% fewer jobs created, while capital investment into Africa fell by 13%, with job creation falling by 7%.

In 2008, the Middle East experienced a major boom in FDI across many sectors, most notably the real estate sector. FDI into the region declined significantly in both 2009 and 2010. In 2010, 675 FDI projects were located in the Middle East with an estimated $44.21bn capital investment creating an estimated 76,795 jobs. This compares with an estimated $150bn capital investment in the Middle East in 2008 and $80bn in 2009.

The average project size into the Middle East and Africa has decline significantly. In 2008, the average FDI project into the region involved capital investment of $177.7m and the creation of 244 jobs. In 2010, the average project was less than half the size, with $65m investment and the creation of 114 jobs.

UAE leads but slips globally

The United Arab Emirates, Saudi Arabia and Qatar ranked as the top three destination countries for FDI into the Middle East in 2010, a repeat of the situation in 2009. However, the number of FDI projects into these countries in 2010 fell by 17%, 15% and 16%, respectively. The UAE attracted a total of 279 projects in 2010, more than twice the number of its nearest rival, Saudi Arabia. Total capital investment into the UAE stood at an estimated $10.43bn with the creation of an estimated 22,010 jobs. FDI into the UAE declined in both 2009 and 2010, but still remains above pre-2008 levels.

On a global scale, the UAE barely held onto a top 10 spot in the number of FDI projects attracted, falling from sixth place in 2009 to rank 10th in 2010. However, relative to the size of the country, the UAE's figures for FDI still impress.

Although many Middle Eastern countries witnessed a decline in FDI in 2010, projects into Iraq increased by 175%, albeit from a very small starting point. Iraq climbed from the 10th leading destination country in the Middle East to fourth position in 2010. The country attracted 7% of FDI into the region in 2010, up from 2% in 2009.

Jordan also attracted growing levels of FDI, with the number of projects up 74% in 2010, ranking it as the fifth leading destination country in the Middle East.

Dubai leads city list

Dubai and Abu Dhabi in the UAE and Doha in Qatar claimed the top three positions for most attractive cities for FDI in the Middle East in 2010, even with projects into these cities declining by 20%, 13% and 44%, respectively. Globally, Dubai ranked as the fourth leading city in the world.

Baghdad in Iraq was the seventh

MIDDLE EAST

FDI INFLOWS 2010

Total projects	675
Capital investment	$44.2bn
Total jobs created	76,795
Top sector	Financial services
Top investor	Dubai Islamic Bank (DIB)

Source: fDi Markets

ALTHOUGH MANY MIDDLE EASTERN COUNTRIES WITNESSED A DECLINE IN FDI IN 2010, PROJECTS INTO IRAQ INCREASED BY 175%

leading city in the Middle East as its FDI increased by 300% in 2010. Amman in Jordan also experienced one of the largest increases in FDI, with projects increasing by 89% in 2010 and the city climbing from 10th position to fifth in the top cities in the Middle East.

Challenging times for FDI in Africa

In 2008, Africa saw a substantial growth in FDI, but after the global recession and more risk-averse investment strategies, FDI in Africa declined in both 2009 and 2010. FDI projects into the continent declined by 11% in 2010, although FDI remains above pre-2008 figures. In 2010, a total of 583 FDI projects were established in Africa with an estimated $83bn investment creating an estimated 131,458 jobs.

Africa has attracted capital- and labour-intensive projects in 2010. The average project in 2010 was $143m (the largest capital per project of any world region) and created 225 jobs. The relatively large size of projects in Africa shows a concentration on large-scale natural resource, infrastructure and construction-related projects, with relatively fewer manufacturing, services or hi-tech projects, although in 2010 the composition of FDI has begun to shift.

AFRICA

FDI INFLOWS 2010

Total projects	583
Capital investment	$83.2bn
Total jobs created	131,458
Top sector	Financial services
Top investor	Nestle

Source: fDi Markets

South Africa and Egypt lead

South Africa and Egypt were the top two destination countries in Africa for FDI in 2010, attracting a combined 26% of FDI projects into the continent. South Africa attracted 89 FDI projects in 2010 with an estimated $5.79bn capital investment creating an estimated 16,108 jobs. The number of FDI projects into South Africa declined by 14% in 2010.

FDI projects into Egypt fell by 30% in 2010, with Egypt and South Africa witnessing two of the largest declines in FDI in Africa. Egypt attracted 89 projects in 2010 with an estimated $13.6bn capital investment creating an estimated 17,115 jobs.

Very few countries in Africa witnessed an increase in FDI in 2010. Tanzania and Mozambique were among the few countries that did, with FDI projects increasing by 109% and 50%, respectively.

Johannesburg in South Africa overtook Cairo in Egypt to become the leading destination city in Africa for FDI projects in 2010. Cairo experienced one of the sharpest declines in FDI in Africa, with projects down by 41% in 2010. Very few cities experienced a significant increase in FDI projects although Luanda in Angola had an increase of 71% in 2010, albeit from a very small base.

FDI from India increases

Western Europe is the leading investor in Africa, accounting for 43% of FDI projects in the continent in 2010 despite a 19% decline in the number of projects sourced from this region. FDI projects from Asia-Pacific into Africa increased by 11% in 2010, accounting for 18% of all FDI into Africa.

India grew in importance, with the number of FDI projects from Indian companies into Africa increasing by 74% in 2010, ranking India as the joint third leading source country with France. India's investments were mainly in financial services and communications. ■

TOP FIVE DESTINATION COUNTRIES IN THE MIDDLE EAST, 2010

DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
UAE	279	-17%	UAE	10.43	-16%	UAE	22,010	-24%
Saudi Arabia	94	-15%	Saudi Arabia	9.45	-34%	Saudi Arabia	11,382	-38%
Qatar	53	-16%	Qatar	5.86	-73%	Qatar	9793	-5%
Iraq	44	175%	Oman	3.90	-36%	Oman	6383	41%
Jordan	40	74%	Iraq	2.70	-22%	Syria	5774	75%

Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN THE MIDDLE EAST, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
Dubai	180	-20%	Dubai	5.53	7%	Dubai	11,109	-24%
Abu Dhabi	68	-13%	Ras Laffan	2.70	1650%	Abu Dhabi	5289	-5%
Doha	24	-44%	Abu Dhabi	2.43	-45%	Beirut	2647	36%
Riyadh	24	0%	Doha	1.50	-65%	Assalouyeh	2494	n/a*
Amman	17	89%	Dammam	1.30	256%	Doha	1982	-53%

Note: Excludes interstate and retail, includes estimates; * - no capital investment in 2009; Source: fDi Markets

TOP FIVE DESTINATION COUNTRIES IN AFRICA, 2010

DEST'N COUNTRY	PROJECT NUMBERS	% CH '09	DEST'N COUNTRY	CAPEX ($BN)	% CH '09	DEST'N COUNTRY	JOBS CREATED	% CH '09
South Africa	89	-14%	Egypt	13.60	-24%	Egypt	17,115	-8%
Egypt	62	-30%	Nigeria	12.44	90%	South Africa	16,108	-28%
Morocco	47	4%	Uganda	8.30	260%	Nigeria	10,640	38%
Tunisia	44	-12%	South Africa	5.79	-22%	Tunisia	8806	-39%
Angola	32	-3%	Cameroon	5.28	400%	Angola	6886	-21%

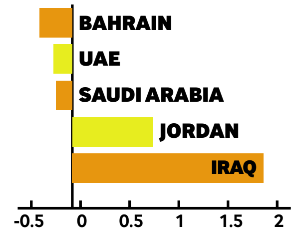
Note: Excludes interstate and retail, includes estimates; Source: fDi Markets

TOP FIVE DESTINATION CITIES IN AFRICA, 2010

DEST'N CITY	PROJECT NUMBERS	% CH '09	DEST'N CITY	CAPEX ($BN)	% CH '09	DEST'N CITY	JOBS CREATED	% CH '09
Johannesburg	32	-6%	Kribi	5.00	2037%	6th Oct City	3871	n/a*
Cairo	23	-41%	Cairo	2.53	-77%	Luanda	3509	65%
Cape Town	18	13%	Giza	2.07	n/a*	Cairo	3388	-67%
Casablanca	16	-16%	Tarfaya	1.71	n/a*	Steelpoort	3000	n/a*
Nairobi	15	-12%	Khartoum	1.70	0%	East London	2291	n/a*

Note: Excludes interstate and retail, includes estimates; * - no capital investment in 2009; Source: fDi Markets

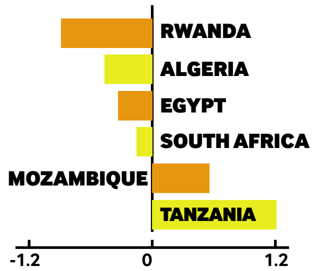
GROWTH COMPARISONS: COUNTRIES IN THE MIDDLE EAST (%), 2009-2010



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

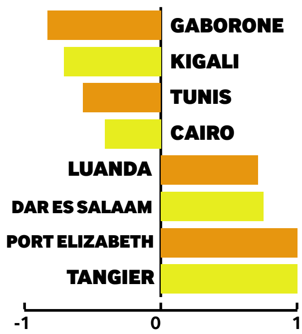
GROWTH COMPARISONS: CITIES IN THE MIDDLE EAST (%), 2009-2010

GROWTH COMPARISONS: COUNTRIES IN AFRICA (%), 2009-2010



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

GROWTH COMPARISONS: CITIES IN AFRICA (%), 2009-2010



Note: Excludes retail, includes estimates

TOP SECTORS BY PROJECT NUMBERS, CAPITAL INVESTMENT ($BN) AND JOBS CREATED, 2010

SECTOR	TOTAL PROJECTS	SECTOR	CAPEX ($BN)	SECTOR	NEW JOBS CREATED
Software and IT services	1378 (5%)	Coal, oil and natural gas	135.99 (-41%)	Real estate	237,705 (-43%)
Business services	1254 (-3%)	Metals	92.00 (43%)	Automotive OEM	200,866 (25%)
Financial services	1243 (-5%)	Automotive OEM	51.10 (34%)	Metals	162,241 (54%)
Industrial machinery, equipment and tools	757 (-5%)	Real estate	48.93 (-52%)	Electronic components	145,440 (41%)
Communications	582 (11%)	Communications	48.03 (10%)	Business services	88,747 (9%)
Electronic components	515 (31%)	Alternative/renewable energy	40.64 (-49%)	Communications	84,101 (15%)
Transportation	450 (-9%)	Electronic components	35.57 (63%)	Industrial machinery, equipment and tools	73,319 (0%)
Chemicals	437 (20%)	Chemicals	33.40 (-10%)	Software and IT services	72,657 (-22%)
Metals	437 (26%)	Hotels and tourism	26.91 (-28%)	Food and tobacco	72,046 (-20%)
Food and tobacco	415 (-5%)	Financial services	20.22 (-1%)	Automotive components	71,197 (13%)
Automotive components	345 (25%)	Transportation	19.34 (-11%)	Textiles	66,740 (57%)
Hotels and tourism	336 (-11%)	Semiconductors	16.63 (27%)	Hotels and tourism	58,295 (-32%)
Real estate	313 (-25%)	Software and IT services	13.72 (-3%)	Chemicals	50,566 (10%)
Plastics	293 (45%)	Engines and turbines	13.30 (97%)	Coal, oil and natural gas	49,124 (-51%)
Automotive OEM	280 (13%)	Aerospace	12.76 (29%)	Consumer electronics	46,629 (11%)
Other	3,012 (27%)	Other	140.21 (20%)	Other	555,920 (30%)
Overall total	**12,047 (0%)**	**Overall total**	**748.75 (-16%)**	**Overall total**	**2,035,593 (-4%)**

Note: Excludes US interstate data, includes estimates; growth on 2009 figures given in brackets
Source: fDi Markets, fDi Intelligence

Software and IT overtakes finance

THE SOFTWARE AND IT SECTOR SAW INCREASED FDI IN 2010, PULLING AHEAD OF FINANCIAL SERVICES AS THE LEADING SECTOR FOR FDI PROJECTS IN 2010

While software and IT, business services and financial services remain the top three sectors for global FDI projects, there has been a change in their ranking. Financial services was the leading sector in 2008 and 2009 but with a 5% increase in FDI projects, the software and IT sector is ranked as the leading sector for FDI projects in 2010, with a total of 1378 projects. FDI in the software and IT sector accounted for 11% of global projects in 2010. Software and IT was also the leading sector for FDI projects between 2003 and 2007.

The business services sector was the second biggest sector for FDI projects in 2010, also moving ahead of financial services, despite experiencing a 3% decline. Job creation in business services reached an all-time high in 2010 with the creation of an estimated 88,747 jobs.

Financial services decline

The financial services sector experienced a decline of 5% in project numbers, with 1243 projects in 2010. This resulted in the sector falling from first to third position in the rankings. Despite a drop in project numbers and a 19% fall in job creation, capital invested in the sector remained relatively stable, with $20.2bn invested in 2010.

The top five sectors in terms of project numbers also included the industrial machinery, equipment and tools sector, and communications sector. Combined, the top five sectors accounted for 43% of global FDI projects in 2010. This was the same as in 2009.

In contrast to the decline in FDI in 2008 and 2009, FDI projects in the plastics sector increased by 45% in 2010 to 293 projects. The jobs associated with these projects grew by 72% and capital investment was an estimated $11.9bn in 2010. China and the US were the main destinations, attracting 39% of plastics projects in 2010.

Electronic components on the up

The electronic components sector saw the biggest increase in project numbers, up from 393 in 2009 to 515 in 2010. This sector moved to sixth place in the global rankings, up from 10th place in 2009, with the highest number of projects recorded in electronic components since **fDi** Markets records began in 2003. The majority of these projects involved manufacturing and sales, marketing and support operations. Capital investment in electronic components grew by 63% to an estimated $35.57bn in 2010, also an all-time

> THE US, CHINA AND INDIA ARE NEW GROWTH MARKETS FOR RENEWABLE ENERGY, AFTER THE INITIAL LEAD BY EUROPEAN COUNTRIES

high, while job creation increased 41.2%.

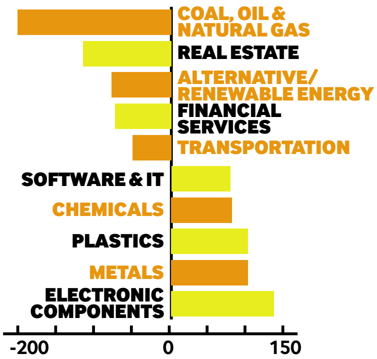
Although the metals sector did not feature in the top 10 sectors in 2009, a 26% increase in FDI project numbers in 2010 resulted in the sector climbing to eighth position in the 2010 rankings. Capital investment in the sector increased by 43%, with an estimated $92bn in 2010. There were a number of large investments in the sector in 2010, the biggest of these being South Korean steel company Posco investing $7.03bn to establish its steel plant in Karnataka, India. The metals sector increased the number of jobs created overseas, with a 54% growth in job creation in 2010 to an estimated 162,241 jobs.

Fossil fuel dip

The coal, oil and natural gas sector experienced the biggest decline in project numbers in 2010, with a drop of 41% (a decline of 217 projects). Likewise, the number of jobs created by this sector declined by 51% to an estimated 49,124. In terms of capital invested, the sector still remained the leading sector for FDI globally despite a decline in capital investment of 41% in 2010 to an estimated $136bn.

FDI in the real-estate sector also continued to decline in 2010. **fDi** Intelligence's recap of 2009 trends

TOP GROWTH AND DECLINE SECTORS BY PROJECT NUMBERS, 2010



Note: Excludes retail, includes estimates
Source: fDi Markets, fDi Intelligence

reported the number of real-estate projects fell by 53% compared with 2008. The number of projects has declined further in 2010, with a 25% decline. Jobs created by the real-estate sector fell by 43%, although it remains the leading sector for jobs creation, ahead of automotive original equipment manufacture.

The alternative/renewable energy sector experienced a decline in project numbers by 21% in 2010 and job creation by 50% as companies cut back on renewable energy electricity projects, partly due to the phasing out of attractive incentives in key countries such as Germany, Denmark and Spain. However, the number of projects in the engines and turbines sector increased by 34% in 2010 to 139 projects. The number of jobs created more than doubled to an estimated 46,042, while capital investment grew by 97% to an estimated $13.3bn. A high proportion of these projects, investment and jobs went to the US, China and India, which are new growth markets for renewable energy after the initial lead by European countries.

Communications growth

FDI in the communications sector continued its expansion in 2010. FDI in the sector grew by 11% in 2010, reaching a record 582 projects. Capital investment increased by 11% and the number of jobs created by the sector increased by 15% in 2010. Spanish telecommunications provider Telefonica was a leading investor in the sector, with major investments in Brazil, Argentina and Peru to develop broadband infrastructure. Vodafone also featured highly in terms of the number of projects and capital invested, also in broadband infrastructure. A growing number of data centre projects also fuelled investment growth in the communications sector. ■

Manufacturing dominates business activity in 2010

MANUFACTURING WAS THE LEADING ACTIVITY FOR FDI IN 2010 WITH A 20% GROWTH IN PROJECTS AND, ALONG WITH SALES MARKETING AND BUSINESS SERVICES, ACCOUNTED FOR TWO-THIRDS OF GLOBAL FDI PROJECTS FOR THE YEAR

In 2010, manufacturing was the leading business activity for FDI projects, accounting for 26% of global FDI projects. The top three business activities – manufacturing; sales, marketing and support; and business services – accounted for two-thirds of global FDI projects in 2010.

Manufacturing performs best

Manufacturing was top for project numbers, capital investment and job creation in 2010. The number of manufacturing projects increased by 20% and an estimated $357bn was invested in manufacturing projects, up 9.7% on 2009. The number of jobs created by manufacturing FDI projects grew by 25% to an estimated 1.1 million in 2010.

Manufacturing is recovering strongly, but has yet to return to 2008 levels of FDI. Nevertheless, it accounted for 26% of global projects, 48% of the global capital investment and 55% of global jobs creation in 2010.

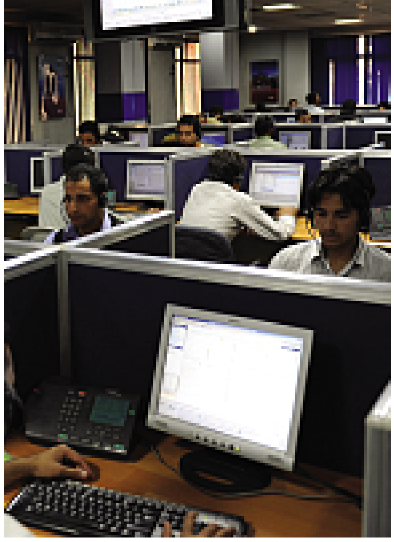
ICT and internet investment up

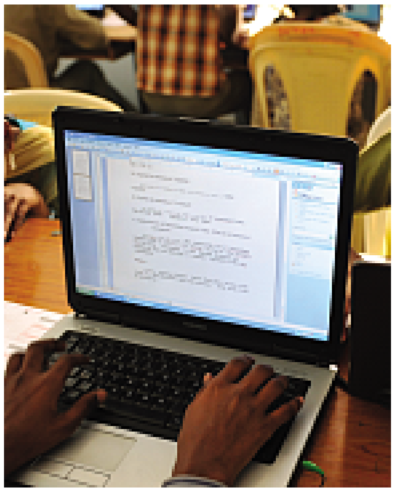
Information and communication technologies, and internet infrastructure business activity had another year of solid growth, with FDI in both sectors reaching record levels. Project numbers increased by 18.8% to 277 in 2010, capital investment grew by 14.6% and job creation by 7%. Investment by telecom companies drove the growth, with major global investments in broadband infrastructure in particular.

TOP BUSINESS ACTIVITIES BY PROJECT NUMBERS, CAPITAL INVESTMENT ($BN) AND JOBS CREATED, 2010

BUSINESS ACTIVITY	TOTAL PROJECTS	BUSINESS ACTIVITY	CAPEX ($BN)	BUSINESS ACTIVITY	NEW JOBS CREATED
Manufacturing	3163 (21%)	Manufacturing	357.94 (10%)	Manufacturing	1,123,124 (25%)
Sales, marketing and support	3099 (1%)	Construction	80.26 (-43%)	Construction	312,461 (-40%)
Business services	2235 (-1%)	Electricity	68.00 (-47%)	Logistics, dist and transportation	95,485 (-28%)
Logistics, dist and transportation	623 (-13%)	Logistics, dist and transportation	57.69 (-10%)	Design, development and testing	75,565 (-11%)
Headquarters	529 (-16%)	Extraction	55.70 (-47%)	Extraction	62,740 (-34%)
Design, development and testing	525 (6%)	ICT and internet infrastructure	47.58 (15%)	Customer contact centre	62,230 (0%)
Construction	454 (-28%)	Business services	22.55 (5%)	Headquarters	56,377 (-10%)
ICT and internet infrastructure	277 (24%)	Headquarters	16.60 (-3%)	Business services	49,907 (-18%)
Electricity	179 (-42%)	Design, development and testing	16.05 (12%)	ICT and internet infrastructure	42,834 (7%)
Education and training	169 (-9%)	Sales, marketing and support	10.07 (-8%)	Sales, marketing and support	40,168 (-7%)
Customer contact centre	166 (-5%)	Research and development	4.90 (-45%)	Shared services centre	22,870 (35%)
Research and development	158 (-22%)	Maintenance and servicing	2.55 (-26%)	Technical support centre	22,774 (6%)
Maintenance and servicing	149 (-10%)	Education and training	2.06 (-13%)	Maintenance and servicing	17,256 (-26%)
Extraction	141 (-41%)	Customer contact centre	1.43 (-18%)	Research and development	16,875 (-26%)
Shared services centre	59 (26%)	Recycling	1.25 (63%)	Electricity	15,409 (-53%)
Technical support centre	58 (-12%)	Technical support centre	1.20 (19%)	Education and training	10,015 (-13%)
Recycling	32 (-3%)	Shared services centre	1.12 (93%)	Recycling	3620 (82%)
Other	31 (-21%)	Other	1.09 (-6%)	Other	5883 (19%)
Overall total	**12,047 (-0.38%)**	**Overall total**	**748.75 (-16%)**	**Overall total**	**2,035,593 (-4%)**

Note: Excludes US interstate data, includes estimates; growth on 2009 figures given in brackets
Source: fDi Markets, fDi Intelligence





Most projects: manufacturing, sales, marketing and support, and business services accounted for most of 2010's projects

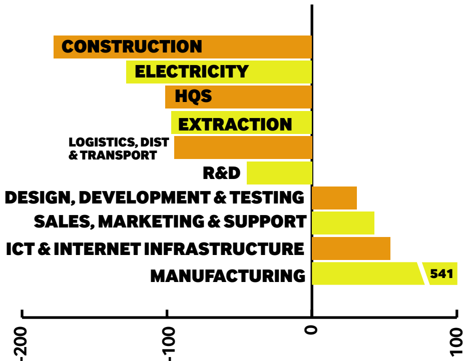
The number of construction projects fell by 28% to 454 in 2010, capital investment in the sector declined by 44% and the number of jobs created by 39%. The projects that continued to go ahead in 2010 were significantly smaller than in previous years. The market share of construction in global capital investment fell by 5% to 10.7% in 2010.

FDI in extraction activities also declined markedly in 2010, with 97 fewer projects recorded in 2010, a fall of 40% on 2009. Capital investment in extraction fell by 47% in 2010 to an estimated $55.7bn. This decline in projects and capital expenditure reduced extraction's share of global jobs created to an estimated 62,740 in 2010, 3% of the global total.

Electricity's spark fades

FDI projects involved in electricity generation declined sharply in 2010, with project numbers down 41% and the capital expenditure and jobs following this trend, down 47% and 53%, respectively. The decline was felt in both coal, oil and natural gas, and in the renewable energy sectors. ■

2010'S TOP GROWTH AND DECLINE ACTIVITIES BY PROJECT NUMBERS



Note: Excludes retail, includes estimates.
Source: fDi Markets, fDi Intelligence

MANUFACTURING ACCOUNTED FOR 26% OF GLOBAL PROJECTS

Mexico City is expected to enjoy a prosperous 2011 in FDI terms

Revealed: the top four places for future FDI

IN TERMS OF SECTORS, SOURCE COUNTRIES AND DESTINATION COUNTRIES, FDI TRENDS IN THE SHORT AND MEDIUM TERM ARE LOOKING PARTICULARLY FAVOURABLE FOR FOUR EMERGING MARKETS, ACCORDING TO **fDi** MARKETS' NEW INVESTOR SIGNALS TRACKING SERVICE. BY **HENRY LOEWENDAHL**

With emerging countries rebounding strongly from the global recession, the continued shift of FDI to these areas in 2010 was expected. The shift to emerging markets is exemplified by Brazil, which attracted the largest increase in greenfield FDI in 2010. Latin America and the Caribbean as a whole was the only region to see an increase in greenfield capital investment in 2010, largely driven by FDI into Brazil.

The growing importance of Asia-Pacific was also seen in the FDI statistics for 2010, with Asia-Pacific recording growth in the number of inward FDI projects. Four of the major economies in the region (China, India, South Korea and Australia) recorded the largest increases in greenfield FDI overseas in 2010.

Growth of greenfield FDI into the emerging markets of Latin America and Asia-Pacific, and a partial recovery of FDI levels in eastern and south-east Europe, fuelled the very strong growth of FDI in manufacturing sectors in 2010. However, FDI in most services sectors failed to recover in 2010 with weak investment opportunities in Europe in particular.

> RISING INCOMES IN EMERGING MARKETS ARE ENCOURAGING COMPANIES IN CONSUMER PRODUCTS AND TEXTILES TO EXPAND OVERSEAS

Strong signals

The **fDi** Markets database included a new service in 2010, tracking investor signals, which indicate when a company is considering overseas investment. The signals provide unique insights into the future of FDI.

Investor signals show that the most attractive countries for future investment are broadly consistent with the location of greenfield FDI in 2010. This suggests that companies will map out their global FDI in a similar location pattern to 2010.

Of the most attractive countries for future FDI, India, Mexico, Indonesia and Turkey are the only countries that received a higher share of investor signals than their share of global FDI projects. **fDi** Intelligence therefore expects FDI into these four countries to increase significantly in the short to medium term.

The source countries of companies considering future FDI is also very similar to FDI trends in 2010. Indian companies are the main exception, with a high number of Indian companies considering future FDI compared with their level of FDI in 2010. **fDi** Intelligence expects Indian FDI overseas to grow strongly in the short to medium term. Investor signals also indicate that companies from the UK, China and Australia are planning to accelerate their FDI overseas.

Software top sectors

The top three sectors for investor signals (software, financial services and business services) are the same as the top three sectors for FDI projects in 2010, suggesting that they will continue to be the major source of FDI in 2011 and after. The sectors that have a significantly higher share of investor signals than FDI are coal, oil and natural gas; food and tobacco; consumer products; and textiles.

Current political instability in the Middle East and north Africa aside, **fDi** Intelligence expects strong growth of FDI in the coal, oil and natural gas sector as the world economy expands, pushing up demand. With growing food consumption in emerging markets and rapidly rising prices, FDI in the food and beverage sector is likely to grow above its trend growth rate. Rising incomes in emerging markets and gradual economic recovery in developed markets are also encouraging companies in consumer products and textiles to expand overseas to meet growing demand for consumer goods. **fDi** Intelligence also expects growth in software and IT services, communications, automotives and renewable energy in 2011, which is supported by investor signals from companies in these sectors.

Long-term growth forecast

The FDI forecasting unit of **fDi** Intelligence has produced detailed five-year FDI forecasts for destination countries, source countries and sectors. The headline forecast is for a 6.5% growth in greenfield FDI projects in 2011, with more than 12,800 projects expected. Further growth in FDI is forecast for subsequent years with the number of global FDI projects reaching more than 15,000 for the first time in 2014. ■

Rio de Janeiro, Brazil: the country that attracted the largest increase in greenfield FDI in 2010