

Asia-Pacific Cities of the Future 2011/12 Winners

SINGAPORE HAS RETAINED ITS POSITION AT THE TOP OF fDi's ASIA-PACIFIC CITIES OF THE FUTURE RANKING, AHEAD OF SHANGHAI AND SEOUL. CHINESE CITIES PERFORMED PARTICULARLY WELL, BUT THE EFFECTS OF RECESSION AND NATURAL DISASTER HAVE SEEN TOKYO FALL FROM SECOND PLACE TO NINTH. **RACHEL CRAIG** REPORTS

Singapore was the top-ranked city in fDi's Asia-Pacific Cities of the Future 2009/10 list and has held on to first place in the 2011/12 ranking. It scored well in all categories, and was placed in the top five for economic potential, business friendliness and human resources, while claiming the top position for infrastructure and FDI strategy.

Singapore's GDP per capita is one of the highest among the cities in the ranking, while its productivity is forecast to grow by more than 4% annually over the next five years. The city attracted 327 greenfield FDI projects in 2010, according to data from fDi Markets; an increase of 20% on the previous year. More than 200 projects have been recorded in 2011 (for the first three quarters).

Shanghai is ranked in second place and topped the economic potential and human resources categories. The city has attracted more greenfield

FDI than any other in the Asia-Pacific region and is home to more than 500,000 students studying at an array of world-renowned universities. Shanghai performed notably strongly in the business friendliness category.

Seoul finished third in the ranking, up from fifth place in the Asia-Pacific Cities of the Future 2009/10 list. The South Korean capital performed well in the infrastructure and human resources categories, and is the best connected city in the competition, with direct flights to 130 international destinations. The city has a large student population and South Korea has the highest tertiary education enrolment rate in Asia-Pacific.

Far Eastern promise

Chinese cities performed well in the competition; besides Shanghai in second place, Shenzhen and Beijing also made it into the top 10 in fourth and seventh place, respectively.



Chinese cities dominate the economic potential ranking; seven of the top 10 cities in the category are from China. GDP in China is forecast to grow by almost 10% annually over the next five years, and unemployment rates in the country are generally lower than in other cities in the Asia-Pacific region.

Taiwan capital Taipei is ranked fifth in the Asia-Pacific Cities of the Future 2011/12 list, due in part to its high productivity, healthy export growth and a good track record as both a source and destination for FDI. Taipei has attracted 248 greenfield FDI projects since 2003 according to **fDi** Markets and has been the source of 603 projects over the same period. Hong Kong came sixth overall and scored particularly well in the economic potential, business friendliness and FDI strategy categories. GDP per capita is high and exports from the country continue to grow, although at a slower rate more recently due to weaker demand from the US and Europe. Hong Kong is in second place overall for the amount of greenfield FDI attracted adjusted for location size, second only to Rayong in Thailand.

Tokyo has fallen from second place in the Asia-Pacific Cities of the Future 2009/10 ranking but remains in the top 10, in ninth place. Japan was one of the few Asian economies affected by recession in 2009, and growth for 2011 is forecast at -0.4%, according to the International Monetary Fund. However, Japan's GDP is forecast to grow over the next five years, albeit at a slower rate than in neighbouring economies, and Tokyo remains one of the wealthiest cities in the region in terms of income per capita, scoring highly for infrastructure, human resources and quality of life. While damage from the earthquake and tsunami that hit Japan's north-east coast caused a drop in some Japanese cities' FDI performance, the likes of Tokyo, Osaka, Kobe, Kyoto and Sapporo

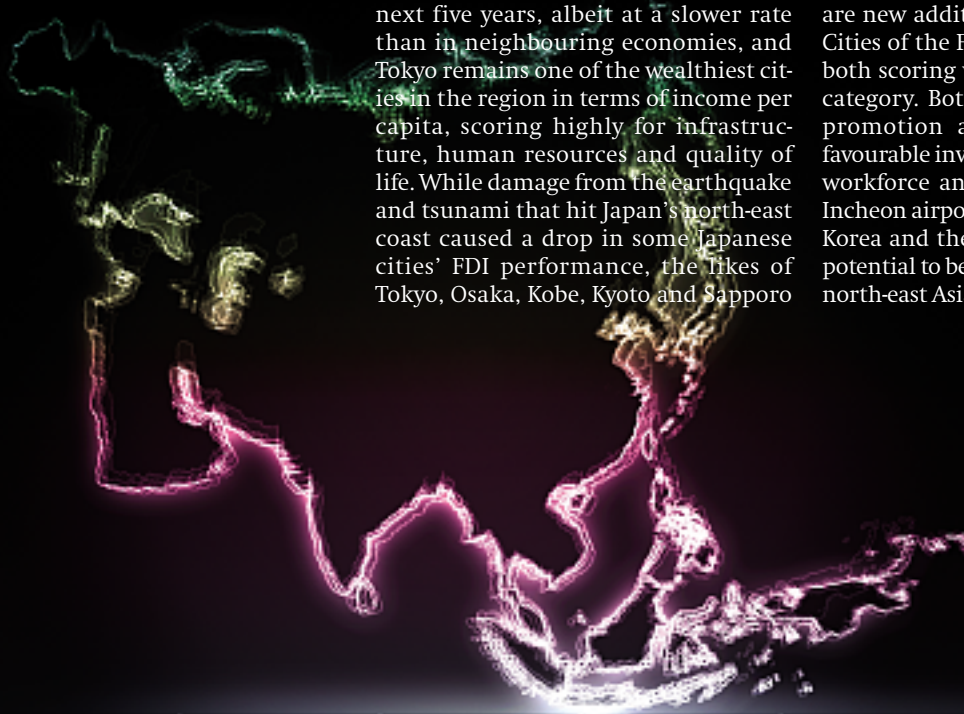
still scored highly for infrastructure, largely due to their large ports, high broadband penetration and internet accessibility.

On top down under

Melbourne and Sydney both feature in the top 10. Melbourne retains its position as the highest ranked Australian city in the competition at eighth, while Sydney placed 10th. Australian cities performed well in terms of foreign investment; year-on-year FDI projects increased by one-third in Melbourne, by 25% in Sydney and by about 40% in Brisbane. According to the **fDi** Global Outlook Report 2011, capital investment into Australia increased 2.5-fold in 2010. Australia and New Zealand also dominated the quality of life category.

Phnom Penh in Cambodia is the most cost-effective location in the ranking, followed by Hai Phong and Da Nang of Vietnam. Profit tax in Cambodia is relatively low at 22.5%, and office and industrial costs are very competitive in Phnom Penh, while property and labour costs are low in neighbouring Vietnam. Rayong in Thailand is also a notably strong performer for cost-effectiveness. Its low industrial rents and labour costs have helped the city attract 180 greenfield FDI projects between 2003 and 2011, the highest amount of FDI for cities of its size in the competition.

Busan and Incheon in South Korea are new additions to the Asia-Pacific Cities of the Future 2011/12 ranking, both scoring well in the FDI strategy category. Both are proactive in FDI promotion and offer investors a favourable investment climate, skilled workforce and good infrastructure. Incheon airport is the largest in South Korea and the port at Busan has the potential to become a logistics hub for north-east Asia.



TOP 10 OVERALL RANKING

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	Shanghai	China
3	Seoul	South Korea
4	Shenzhen	China
5	Taipei	Taiwan
6	Hong Kong	China
7	Beijing	China
8	Melbourne	Australia
9	Tokyo	Japan
10	Sydney	Australia

TOP 10 ECONOMIC POTENTIAL

RANK	CITY	COUNTRY
1	Shanghai	China
2	Singapore	Singapore
3	Beijing	China
4	Hong Kong	China
5	Shenzhen	China
6	Macao	China
7	Guangzhou	China
8	Kunshan	China
9	Suzhou	China
10	Ashkhabad	Turkmenistan

TOP 10 HUMAN RESOURCES

RANK	CITY	COUNTRY
1	Shanghai	China
2	Tokyo	Japan
3	Beijing	China
4	Zhengzhou	China
5	Singapore	Singapore
6	Melbourne	Australia
7	Seoul	South Korea
8	Zhongshan	China
9	Brisbane	Australia
10	Shijiazhuang	China

TOP 10 QUALITY OF LIVING INDEX

RANK	CITY	COUNTRY
1	Canberra	Australia
2	Wellington	New Zealand
3	Sydney	Australia
4	Ipswich City	Australia
5	Gosford City	Australia
6	Tokyo	Japan
7	Auckland	New Zealand
8	Brisbane	Australia
9	Singapore	Singapore
10	Gold Coast	Australia

TOP 10 BUSINESS FRIENDLINESS

RANK	CITY	COUNTRY
1	Dongguan	China
2	Shenzhen	China
3	Singapore	Singapore
4	Hong Kong	China
5	Ningbo	China
6	Auckland	New Zealand
7	Shanghai	China
8	Wellington	New Zealand
9	Melbourne	Australia
10	Sydney	Australia

TOP 10 COST EFFECTIVENESS

RANK	CITY	COUNTRY
1	Phnom Penh	Cambodia
2	Hai Phong	Vietnam
3	Da Nang	Vietnam
4	Johor Bahru	Malaysia
5	Hanoi	Vietnam
6	Vientiane	Laos
7	Kathmandu	Nepal
8	Multan	Pakistan
9	Alor Setar	Malaysia
10	Rayong	Thailand

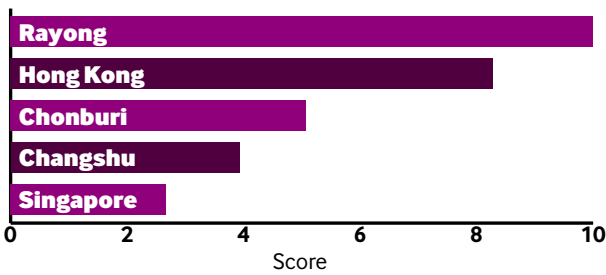
TOP 10 INFRASTRUCTURE

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	Tokyo	Japan
3	Seoul	South Korea
4	Hong Kong	China
5	Osaka	Japan
6	Kobe	Japan
7	Kuala Lumpur	Malaysia
8	Bangkok	Thailand
9	Kyoto	Japan
10	Sapporo	Japan

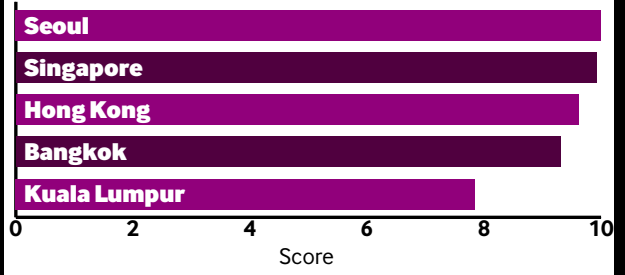
TOP 10 FDI STRATEGY

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	Melbourne	Australia
3	Hong Kong	China
4	Brisbane	Australia
5	Sydney	Australia
6	Busan	South Korea
7	Auckland	New Zealand
8	Perth	Australia
9	Guangzhou	China
10	Chengdu	China

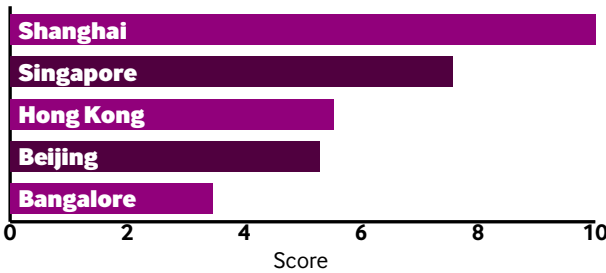
**SCORE FOR FDI PROJECTS PER
100,000 POPULATION (RANK)**



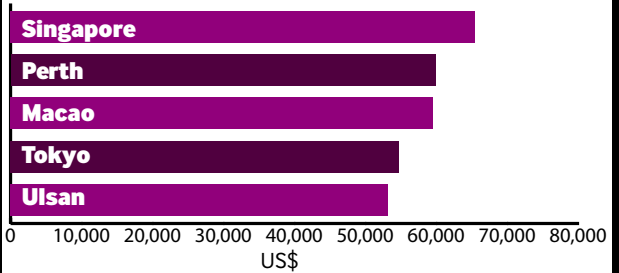
**SCORE FOR INTERNATIONAL
AIR CONNECTIONS**



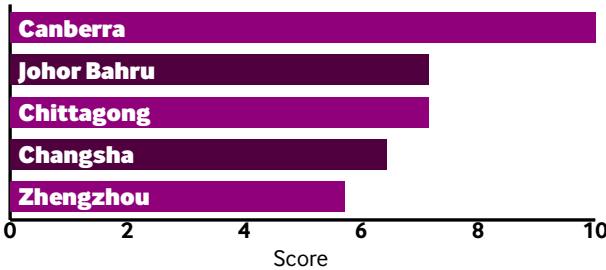
**SCORE FOR GREENFIELD FDI PROJECTS
JANUARY 2003 TO JULY 2011**



**GDP PER CAPITA (US\$, PURCHASING
POWER PARITY)**



**SCORE FOR PERFORMANCE AS DESTINATION
CITY, FDI PROJECT GROWTH RATE 2009-10**



JUDGING PANEL



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Baker & McKenzie



ANUPAM PRAKASH
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LAWRENCE YEO
Chief executive
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AsiaBIZ Strategy

NOTES

In April 2008, the Financial Times acquired **fDi** Markets and **fDi** Benchmark. **fDi** Markets is an independent database tracking global FDI on a real-time basis whereas **fDi** Benchmark is

an independent database which benchmarks global locations on how attractive they are to foreign investors. This division compiled the majority of the data for the Cities of the Future competition with

the exception of the FDI promotion strategy, which was submitted by individual cities and judged by our judging panel. These changes have made the competition even more objective.

METHODOLOGY

fDi Cities of the Future shortlists are created by an independent collection of data by **fDi** Benchmark across 141 Asia-Pacific cities. This information was set under six categories: economic potential, human resources, cost-effectiveness, quality of

life, infrastructure and business friendliness. A seventh category was added to the scoring – FDI promotion strategy. In this category, 32 Asia-Pacific cities submitted details about their promotion strategy and this was judged and scored by our independent judging panel.

Cities scored up to a maximum of 10 points under each individual criterion which were weighted by importance to give the overall scores. Where data is available only at a national rather than city level, a lower weighting was generally applied.

JUDGING CRITERIA

ECONOMIC POTENTIAL

- Population growth rate
- Growth in Imports 2006-09
- Growth in Exports 2006-09
- GDP per capita, PPP (\$INT)
- GDP growth rate 2008-10
- Forecast GDP growth rate 2011-16
- As destination city, no of greenfield FDI projects (Jan 2003 to Jul 2011)
- As source city, no of greenfield FDI projects (Jan 2003 to Jul 2011)
- As destination country, FDI project growth rate 2009-10
- No of mega projects – by jobs (Jan 2003 to July 2011)
- No of mega projects – by capex (Jan 2003 to July 2011)
- As destination city, no of greenfield FDI projects per 100,000 population (Jan 2003 to Jul 2011)
- As source city, no of greenfield FDI projects per 100,000 population (Jan 2003 to Jul 2011)
- Unemployment rate first quarter of 2011*

*Or latest data available

HUMAN RESOURCES

- Labour force
- Literacy rate
- Top 500 universities
- Number of international schools
- No of universities
- No of students
- Students as a percentage of total population
- Primary education enrolment rate
- Secondary education enrolment rate
- Tertiary education enrolment rate

COST EFFECTIVENESS

- Registering property – cost (% of

property value)

- Cost of dealing with construction permits (% of income per capita)
- Profit tax
- Hotel price (US\$)
- Minimum wage (US\$ per week)
- Office Rent (US\$ per sq m per year)
- Industrial Rent (US\$ per sq m per year)
- PPP/Exchange rate

BUSINESS FRIENDLINESS

- Number of days to start a business
- Ease of doing business Index
- Five-year cumulative change in Ease of Doing Business Index
- Number of Companies in high tech manufacturing per 100,000 population (2011)
- Number of Companies in high tech services per 100,000 population (2011)
- Number of companies in the knowledge based sector per 100,000 population (2011)
- Perception of Corruption score 2010
- Euromoney Country Risk score 2011
- Estimated number of jobs created by FDI (2003 to July 2011)
- Corporation tax rate (%)

INFRASTRUCTURE

- Quality of overall infrastructure
- Quality of roads
- Quality of railroad infrastructure
- No of large/very large ports/inland ports
- Internet users (per 100 people) 2009
- Growth in Internet users (per 100 people) 2006-2009
- Fixed broadband Internet subscribers (per 100 people) 2009
- Growth in Fixed broadband Internet subscribers (per 100 people) 2006-09
- Mobile phone subscribers (per 100 people) 2009

- Growth in Mobile phone subscribers (per 100 people) 2006-09
- Internet speeds upload (kbps)
- Internet speeds download (kbps)
- No of airports within 50 miles
- Distance to nearest airport
- No of International destinations served

QUALITY OF LIFE

- Life expectancy
- Infant mortality rate
- Access to clean water
- Income per capita
- Unemployment rate
- Literacy rate
- Public expenditure on education
- Percentage of the population with tertiary education
- EIU democracy index
- Risk/safety index

(Information collected by **fDi** Benchmark)

FDI PROMOTIONAL STRATEGY

- Number of staff dedicated to promoting and facilitating inward investment
- Key initiatives that are being implemented to attract more investment
- Information on high growth sectors/sub-sectors in the city which offer excellent potential for inward investment
- Description of incentives which are available to inward investors, outlining where possible the typical size of incentives
- High profile, world class property/sites available in the city suitable for investors to move into, with basic information on each property if available

(Information provided by cities and judged by our judging panel)