

UK
TRADE &
INVESTMENT



Financing Recovery - Funding Innovation & Investment.

“Fiscal Stimulus Programmes in the G20 Countries”

Location: Aston Business School

Date: 29 October 2009



Fiscal Stimulus Initiative

Background

The Programme is part of UK Trade & Investment's response to the global economic downturn.

In difficult times, businesses need to be flexible and innovative and seek out opportunities where they exist.

The Fiscal Stimulus Initiative helps UK-based companies capitalise on business opportunities arising from major overseas spending programmes



The Team



Paul Corcut



Phil Dowrick



Stephen Evans



Jeremy Gordon



Phil Haymes



Dr Andrew Hinton



Jeet Jandu



Shakeel Mughal



Steven Spalding



Kevin Thorpe



Chris Wall

So where is the Fiscal Stimulus Money?

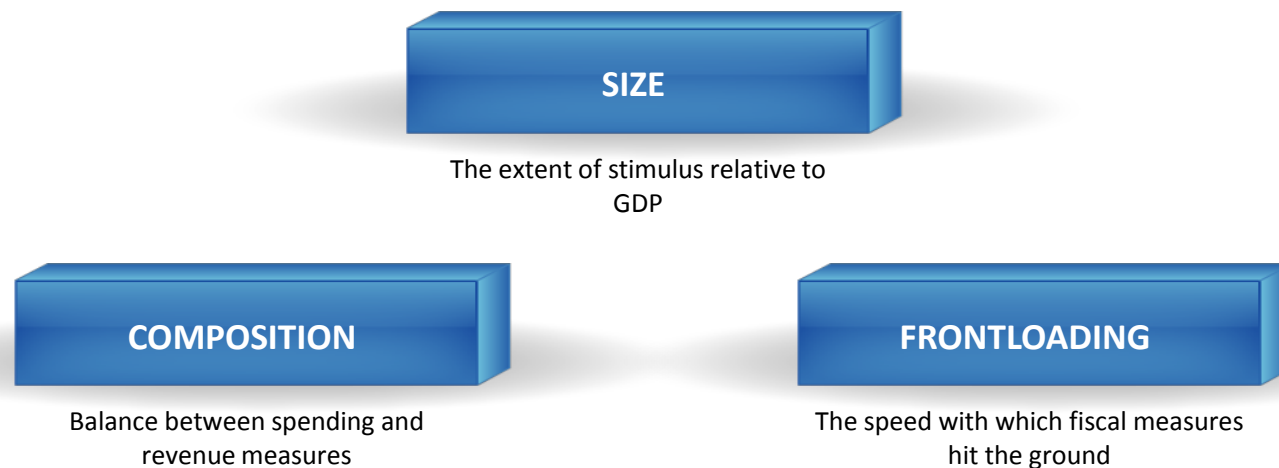
- Governments of the G20 have introduced Fiscal Stimulus Packages of various types;
- The total G20 stimulus spending is approximately USD1.64Trn of which **USD1.1Trn** is not tax related;
- Additionally in April 2009 at the London G20 it was announced that a further USD1.1Trn would be made available to support emerging and developing countries through the IMF and World Bank;
- Indigenous packages generally consist of a combination of tax cuts, R&D initiatives and new projects with focus on new infrastructure;
- It is estimated that 20% of project spending in the EU is accessible to non national Companies;
- Most G20 countries use open tenders and VFM criterion.

Make Up Of The Fiscal Packages

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Fiscal Spending Comparator

- Data on the size of fiscal stimulus packages in USD as announced by the governments and compiled by the IMF;
- Data represents estimates of the size of new measures, rather than the announced size of stimulus packages, and includes measures already planned before the scope of the crisis became clear;
- This allows us to evaluate the fiscal stimulus packages based on three key criteria:



Fiscal Spending Comparator 1

Country	Initial Conditions		Spending 2009			Total Size of Stimulus			
	Gross Public Debt (%2008 GDP)	Fiscal Balance (%2008 GDP)	USD Bn	% 2008 GDP	Tax cut %	USD Bn	%2008 GDP	Tax Cut %	Non Tax USD Bn
Argentina	51.0	1.7	4.4	1.3	0.0	4.4	1.3	0.0	4.4
Australia	15.4	0.3	8.5	0.8	47.9	19.3	1.8	41.2	11.3
Brazil	40.7	N/A	5.1	0.3	100.0	8.6	0.5	100.0	0.0
Canada	62.3	0.1	23.2	1.5	40.4	43.6	2.8	45.4	23.8
China	15.7	0.4	90.1	2.1	0.0	204.3	4.8	0.0	204.3
France	64.4	-2.9	20.5	0.7	6.5	20.5	0.7	6.5	19.2
Germany	62.6	0.9	55.8	1.5	68	130.4	3.4	68.0	41.7
India	59.0	-4.2	6.5	0.5	0.0	6.5	0.5	0.0	6.5
Indonesia	30.1	-1.3	6.7	1.3	79.0	12.5	2.5	79.0	2.6
Italy	103.7	-2.7	4.7	0.2	0.0	7.0	0.3	0.0	7.0

Fiscal Spending Comparator 2

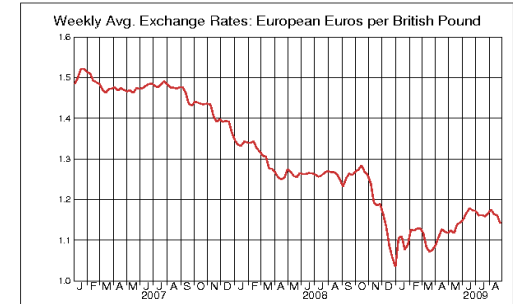
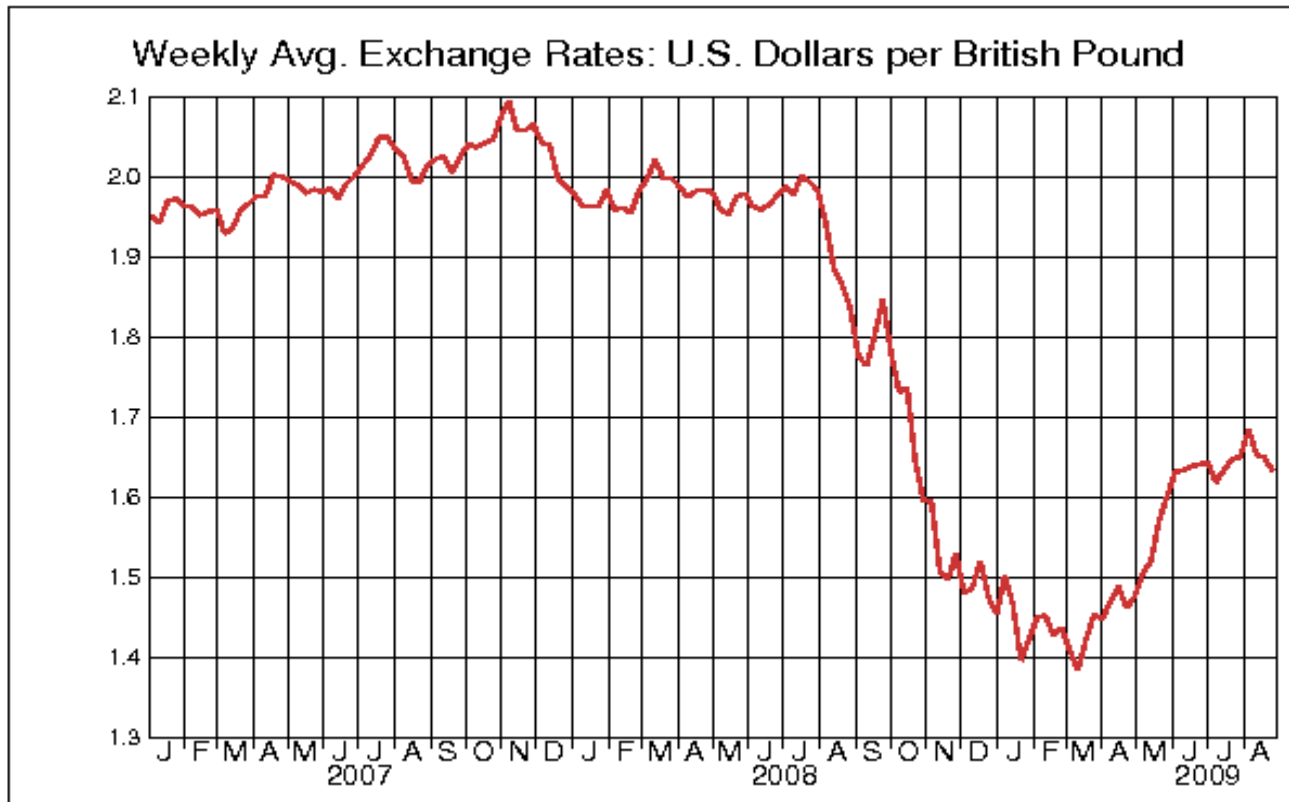
Country	Initial Conditions		Spending 2009			Total Size of Stimulus			
	Gross Public Debt (%2008 GDP)	Fiscal Balance (%2008 GDP)	USD Bn	% 2008 GDP	Tax cut %	USD Bn	%2008 GDP	Tax Cut %	Non Tax USD Bn
Japan	170.4	-3.1	66.1	1.4	30	104.4	2.2	30.0	73.1
Korea	27.2	0.9	13.7	1.4	17.0	26.1	2.7	17.0	21.7
Mexico	20.3	0.0	11.4	1.0	0.0	11.4	1.0	0.0	11.4
Russia	6.8	6.2	30.0	1.7	100.0	30.0	1.7	100.0	0.0
Saudi Arabia	17.7	11.2	17.6	3.3	0.0	49.6	9.4	0.0	49.6
South Africa	29.9	0.2	4.0	1.3	0.0	7.9	2.6	0.0	7.9
Spain	38.5	-2.4	18.2	1.1	36.7	75.3	4.5	36.7	47.7
Turkey	37.1	-1.5	0.0	0.0	N/A	0.0	0.0	N/A	0.0
UK	47.2	-4.8	37.9	1.4	73.0	40.8	1.5	73.0	11.0
USA	60.8	-3.2	268	1.9	44.0	841.2	5.9	34.8	548.5

Speed is of the Essence

- Fiscal Stimulus Packages are tactical and have a half life;
- The first signs of rising inflation or a recovering economy will force Governments to review their spending (deficits?);
- Most packages are short term and front loaded;

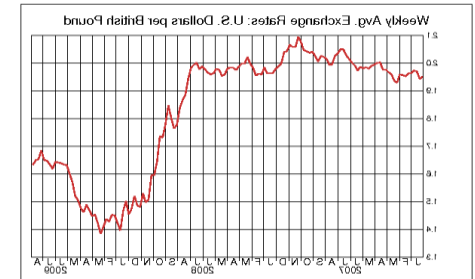
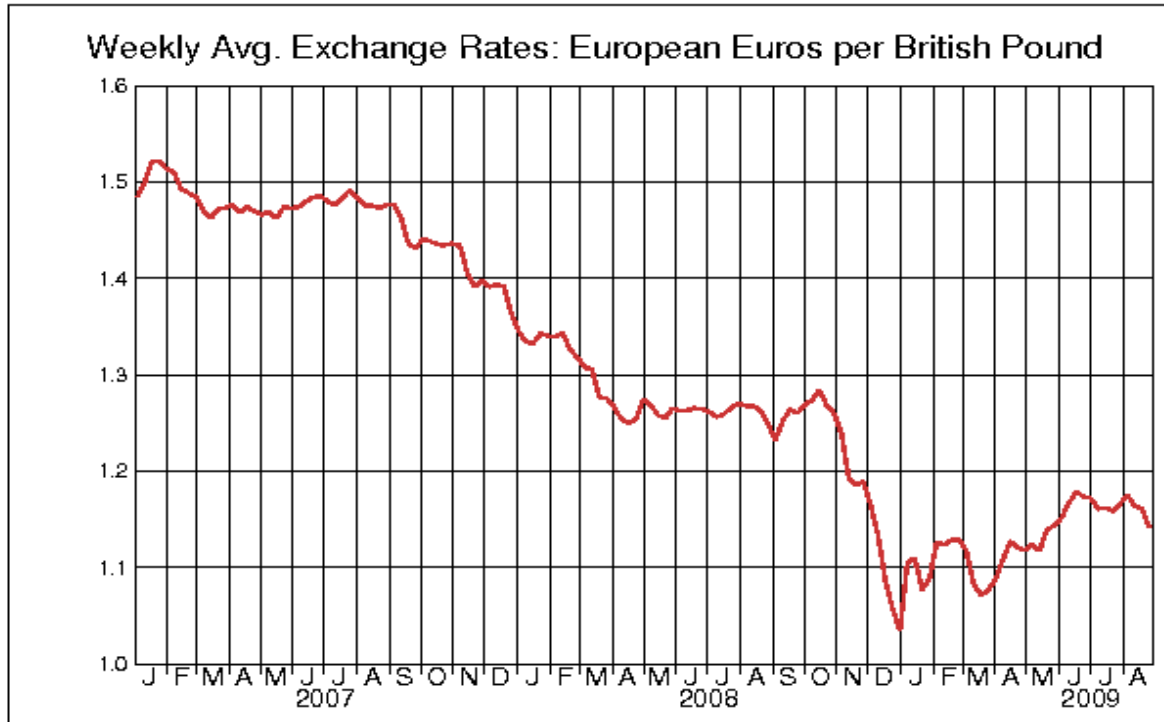


USD is Good, £ is Better!



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Time period shown in diagram: 1/Jan/2007 - 1/Sept/2009 PACIFIC Exchange Rate Service

Euros are Good, £ is Better!



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Tender Sites - Global

Name	Website	Coverage	Type	Industry Focus
Global Tenders	www.globaltenders.com	45 countries across Europe, Eastern Europe, Middle East, Americas, Asian Pacific	Commercial and Public Sector	Consultancy, Energy and Environment, Industry, Infrastructure, Transportation
Tenders Zeal	www.tenderszeal.com	25 countries across Europe, Eastern Europe, Middle East, Americas, Asian Pacific	Commercial and Public Sector	Consultancy, Energy and Environment, Industry, Infrastructure, Transportation
Tenders Direct	www.tendersdirect.co.uk	Mainly Europe	Commercial and Public Sector	Consultancy, Energy and Environment, Industry, Infrastructure, Transportation
Tender Search	www.tendersearch.com.au	Mainly Australia	Commercial and Public Sector	Consultancy, Education, Energy and Environment, Industry, Infrastructure, Transportation
Tech Tenders	www.techtenders.com	27 European countries	Public Sector	Technical Consultancy, Education, ICT, ILT and some infrastructure and transport
Electrical Tenders	www.electricaltenders.com	38 countries	Commercial and Public Sector	Power, Energy and Electrical
CWC Tenders	www.cwctenders.com	38 countries	Commercial and Public Sector	Civil Works, Infrastructure, Construction
TenderNews	www.tendernews.com	Mainly India but with 243 countries and states listed in the international section	Public Sector	Consultancy, Education, Energy and Environment, Infrastructure, Transportation
European Tenders	www.europeantenders.com	Global	Commercial and Public Sector	Consultancy, Education, Industry, Health, Energy and Environment, Infrastructure, Transportation
DG Market	www.dgmarket.com	Global	Commercial and Public Sector	Consultancy, Education, Industry, Energy and Environment, Infrastructure, Transportation
TED / OJEU	http://ted.europa.eu	EU/Selected Countries	Mainly Public Sector	All sectors and goods and services
European Information Service Centre (EISC)	www.winningtenders.com	Global, mainly Europe	Public Sector	Construction, engineering, health services, education, utilities, industry
Tenders Info	www.tendersinfo.com	Global	Public Sector	Construction, engineering, health services, education, utilities, industry

Tender Sites – South Africa

Name	Website	Coverage	Type	Industry Focus
Cape Business News Tenders	www.cbn.co.za/tender	South Africa	Commercial and Public Sector	Construction, Consultancy, Education, Energy and Environment, Infrastructure, Transportation
Tenders in South Africa	www.tendersinsouthafrica.co.za	South Africa	Public Sector	Construction, engineering, health services, education, utilities, industry
Leads 2 Business	www.dailytenders.co.za	Africa	Mainly Public Sector	Consultancy, Education, Industry, Energy and Environment, Infrastructure, Transportation

Tender Sites – USA

Name	Website	Coverage	Type	Industry Focus
US Export Import	www.usaexportimport.com			
Construction Web Links	www.constructionweblinks.com	USA	Mainly Public Sector	Construction
Recovery.Gov FedBizOpps.Gov	http://www.recovery.gov http://www.fbo.gov	USA	Public Sector	All Sectors

Fiscal Stimulus Initiative

Australia – Project Opportunities

Sectors	Use	Value	Project Opportunities
Education	Education Infrastructure	AU\$14.7 bn	<p>Programme of school infrastructure to build or upgrade school buildings in all 9,540 of Australia's schools to include:</p> <ul style="list-style-type: none"> • Libraries • Halls • Special schools
Built Environment	Road and Rail	AU\$2bn	<p>Measures aimed towards extending and renewing Australia's road and rail systems. (Equity injection by government to Australian Rail Corporation (ARTC))</p> <ol style="list-style-type: none"> 1. 14 road projects http://www.economicstimulusplan.gov.au/road_rail/pages/road_package.aspx 2. 17 Rail projects http://www.economicstimulusplan.gov.au/road_rail/pages/rail_package.aspx
Built Environment	Community Infrastructure	AU\$800 million	<p>Funding from central government to local government to local communities for the build and renewal of local infrastructure to include community centres, town halls, parks, playgrounds, swimming pools and sports facilities</p>

Brazil – Project Opportunities

Sectors	Use	Value	Project Opportunities
Energy Infrastructure	Oil & Gas Renewables	R\$274.8bn	<ul style="list-style-type: none"> ▪ Electricity generation (an additional 12,386 MW) & transmission (13,826 km of transmission lines). ▪ Production, exploration & transportation of oil (4 new oil / petrochemical refineries). ▪ Natural gas (4,526 km of gas pipelines). ▪ Renewable fuels <ul style="list-style-type: none"> ▪ Biodiesel 46 new refineries ▪ Ethanol 77 new refineries
Social & Urban Infrastructure	Housing, Metro & Urban trains, Electrification, Water Resources	R\$170.8bn	<ul style="list-style-type: none"> ▪ Housing R\$ 106.3bn benefitting 4m families ▪ Sanitation reaching an additional 22.5m homes ▪ Metro amplification & completion of projects in 4 cities ▪ Urban trains ▪ Electrification (“luz para todos”) ▪ Water resources reaching an additional 23,800 people
Logistics Infrastructure	Roads, Rail, Ports, Airports, Waterways, The Merchant Fleet	R\$58.3bn	<ul style="list-style-type: none"> ▪ Roads (45,000 km) R\$33.4bn ▪ Railways (2,518 km) R\$7.9bn ▪ Ports (improvements and expansion) x12 ▪ Airports (improvements and expansion) x20 ▪ Waterways – 67 ports, 1 x lock gate-system ▪ Merchant fleet R\$10.6bn

China & Hong Kong – Opportunities

Sectors	Use	Value	Selected Project Opportunities
Infrastructure	Infrastructure, Construction, Transport, Power	> RMB 4 trn	Road, rail, subways, airports, power projects, e.g.: <ul style="list-style-type: none"> • RMB 2 trn for 70 new rail projects in 2009-10 for new track • RMB500 bn on rolling stock in the period 2009-2011 • RMB450 bn for airport construction in 2009-10, including 50 new airports • RMB1.2 trn for power grid development in 2009-10 • RMB1 trn on Sichuan (post-earthquake) reconstruction
R&D	Ministry of Interior	> RMB 970 bn	<ol style="list-style-type: none"> 1. RMB600 bn for New Information / Communications 2. RMB370 bn for development of local innovation and R&D
Environment	Environment & Renewables	> RMB 210 bn	<ol style="list-style-type: none"> 1. Water and waste water treatment facilities 2. Energy saving, clean energy technologies
Healthcare	Expansion of Services & Facilities	RMB 850 bn	<ol style="list-style-type: none"> 1. 2,000 hospitals 2. 5,000 local medical clinics 3. Associated systems and services
Petrochemicals & Refineries	New Construction & Upgrades	> RMB 500 bn	<ol style="list-style-type: none"> 1. Construction of 9 large oil refineries in the next three years 2. RMB100 bn on refinery upgrades 3. RMB400 bn on petrochemical projects
Hong Kong	Infrastructure	GBP 20 bn	<ol style="list-style-type: none"> 1. £10 billion between 2009 and 2016 by MTRC on 5 new rail schemes 2. £3.5 billion Hong Kong-Zhuhai-Macao Bridge 3. £2 billion for the West Kowloon Cultural District 4. Road, cruise terminal, water treatment, construction and other projects

France – Project Opportunities

Sectors	Use	Value	Project Opportunities
Rail	RFF – development of national high speed rail network	€700m*	Construction of 4 new lines: Nimes-Montpellier, Tours-Bordeaux, Le Mans-Rennes & Mulhouse- Strasbourg *NB – projected investment into French rail sector will be in the order of €120bn over next 20 years
Rail	RATP (Paris Metro)	€400m	Modernisation of lines 12 & 4, (Paris Metro) purchase of RER rolling stock.
Rail	SNCF (National Rail Operator)	€300m	Station Improvement, purchase of TGVs
Canals	Construction of Seine-Nord Europe Canal	€240m	The total spend on the new Canal is estimated to be in region of €5/6bn with opportunities in the following Areas: PPP, main/partner contractor, Construction equipment supplier/ Hire, canal management, water management, canal equipment, river freight equipment supply, leisure & tourism & property development.
Power Generation	EDF	€2.5bn	Modernisation of the grid and development of renewable sources
Gas Supply	GDF-Suez	€200m	Modernisation of the Pipe Network
Post Office	La Poste	€600m	Post Office Modernisation

Germany – Project Opportunities

Sectors	Use	Value	Project Opportunities
Urgent infrastructure projects	PPP projects still to be defined	€2bn	1. Further research in progress
Healthcare	Building rehabilitation programme and housing space adapted for the elderly.	€3bn	1. Design 2. Consultancy 3. Equipment 4. Services
Multi Sector	Individual Länder infrastructure budgets to upgrade and renovate existing infrastructure	€10bn (Total)	1. Equipment design and consultancy for Universities, schools, and research institutes 2. Construction consultancy and planning services
Transportation	Federal Transportation projects	€2bn	1. Railways 2. Motorways 3. Federal roads 4. Waterways 5. Combined transport projects
ICT	Investment in Broadband infrastructure	€0.5bn	1. Consultancy 2. Design 3. Equipment
Transportation	Research into "Environmentally friendly Mobility technologies	€0.5bn	1. Research collaboration

India – Project Opportunities

Sectors	Use	Value	Project Opportunities
Built Environment	Road	\$US 2.3 bn	Action to boost infrastructure spending – authorising India infrastructure company Limited (IIFCL) to a raise Rs. 10000 cr to refinance bank lending for infrastructure projects (highways) by the end of March 2009. Project opportunities mainly for Road Projects.
Built Environment	Housing Construction	US\$890m	Action to stimulate housing construction – encouraging state government to release land for low and middle income housing schemes and allowing non-banking financial companies to raise funds through external commercial borrowing. Project opportunities for affordable housing.
Built Environment	Additional infrastructure	US\$ 6.7 bn	IIFCL permitted to raise an extra INR 30,000 cr over a period of 18 months in the form of tax free bonds for various infrastructure projects. Project opportunities unclear but perceived to be PPP style for Ports, Airports and Railways.

Saudi Arabia – Fund Allocations

Fund	Sectors	Value	Key Project Opportunities with high UK capability match
Stabilisation Fund	Education & Training	\$120bn	<ol style="list-style-type: none"> 1. Design and planning of new schools & universities 2. Upgrade of existing schools & universities 3. Vocational Training and Certification 4. Teacher Training
	Healthcare	\$60bn	<ol style="list-style-type: none"> 1. Design, management and equipping of new hospitals to provide 11,000 new beds 2. Development of coronary, geriatric and diabetic care and treatment capability 3. Expansion of pharmaceuticals manufacturing capacity 4. Medical Staff Training
	Water, Power & Utilities	\$95bn	<ol style="list-style-type: none"> 1. Desalination 2. Power distribution and grid building technology 3. IWPP/IPP 4. Preparation of a green & sustainable building code
	Transport & Telecoms	\$25bn	<ol style="list-style-type: none"> 1. Design of railway stations, airports and port facilities 2. Transport security 3. Port, Airport and railway operational management 4. ATC systems
	Oil & Gas	\$100bn	<ol style="list-style-type: none"> 1. Many and various. TBC
Economic City Programme	Infrastructure	\$130bn	<ol style="list-style-type: none"> 1. Architecture, Design and Urban Planning 2. Planning and provision of utility services – including smart meters 3. Leisure and retail 4. Light Rail Planning and Design

Spain – Project Opportunities

Sectors	Use	Value	Project Opportunities
Science and Innovation	R&D	€490m	<ol style="list-style-type: none"> 1. Life Sciences - Development of medical devices, Pharma, Biotech, social services, instrumentation. 2. Energy - renewables and emerging technologies. 3. ICT in companies to set up advanced scientific and technological infrastructure
Automotive / Advanced Engineering	Development of new greener and more energy efficient products and manufacturing processes.	€800m	<ol style="list-style-type: none"> 1. 9 projects for OEMs - Cars and Trucks - €480million 2. 137 Projects for manufacturers of automotive components. - €320million
Environmental Sciences	Environmental and Agricultural	€575m	<ol style="list-style-type: none"> 1. programmes for water management and infrastructure; water quality, and modernisation of irrigation resources 2. Support for coastal measures: protection, defence and conservation of the public maritime-land domain; creation, recovery and regeneration of beaches; public accesses to the sea, and other courses of action aimed at assuring public use and safeguarding coastal integrity. 3. Support for forestry policy measures and activities in areas of high ecological value: reforestation and other related measures, woodland clearing and prevention of forest fires, and actions in National Parks.
Built Environment	Ministry of Interior	€380m	<ol style="list-style-type: none"> 1. Refurbishment of buildings, rehabilitation and improvement of barracks, police stations and penitentiaries
Science and Innovation	Basque Country funded R&D	€7Bn over 4 years	<ol style="list-style-type: none"> 1. Automotive, Life Sciences, Clean energy and Nano technology

USA – Project Opportunities

Sectors	Use	Value	Project Opportunities
Infrastructure	Overhaul of US Infrastructure: Highways, Bridges, Water, Mass Transit, Intercity Rail	\$111Bn	<ol style="list-style-type: none"> 1. State and local based infrastructure projects, highways, bridges, road widening, water/sewerage 2. States and cities taking lead role due to lack of centralised planning 3. Interest in developing PPP based initiatives due to lack of State funding 4. Development of social housing and schools 5. Development of Mass transit and Inter-state high speed rail networks
Energy	Drive to reduce carbon emissions, and green economy	\$43Bn	<ol style="list-style-type: none"> 1. Adoption of alternative and renewable energy sources 2. US Smart Grid, T&D, generation 3. CCS technologies 4. Electric Vehicles 5. Nuclear development and clean-up
Education	Reduce education cuts, school improvements and modernisation	\$53Bn	<ol style="list-style-type: none"> 1. Development of improved education facilities 2. Tax incentives and support for poorer communities 3. Technology grants
Healthcare	Community Health centres and ICT	\$59Bn	<ol style="list-style-type: none"> 1. Medicaid, tax support and incentives to the poorest communities 2. Community Healthcare development 3. Development of US National Healthcare database
ICT	Development of US broadband infrastructure	\$2.8Bn + \$12Bn	<ol style="list-style-type: none"> 1. Development of high speed broadband roll-out programme 2. US Healthcare records database
Homeland Technologies	Border security, communications	\$1Bn	<ol style="list-style-type: none"> 1. Procurement of border security and surveillance technologies 2. Infrastructure homeland requirements - ports

The Economic Challenge

- The present economic downturn is a global phenomenon;
- Home markets are shrinking or have dried up;
- Financing for business and particularly R&D is difficult and margins are under pressure;
- Should companies look for opportunities in fresh markets or stay with current markets and try to preserve their market share;
- Key requirements for looking at fresh markets:
 - Strategy;
 - Informed data about the market;
 - Implementation.

But it should be part of a Strategy

6 Killer Questions

- Does your strategy fit with what is going on ?
- Does your strategy exploit your key resources ?
- Are you differentiators sustainable ?
- Are the elements of your strategy consistent and coherent across the company ?
- Do your resources match your strategy ?
- Is your strategy implementable ?



Way Forward

- Follow the money and choose your markets;
- Create a Strategy or Update it;
- Access to Fiscal Spending:
 - As Tier 1 for those UK companies with existing presence in these markets;
 - Through partnerships with local companies;
 - As Tier 2/3 suppliers;
 - Through the supply chain;
 - Partnerships with local companies to tap into R&D money;
- Ask for assistance from the UKTI.



UKTI Assistance

Provides access to:

- Business Specialists;
- Sector Specialists;
- Its Teams based in the target country;
- Information on Fiscal Initiatives and about new business opportunities in these markets.

Assist with informed
inputs to your Strategy





Hit the world running **UK**