



**FOREIGN DIRECT INVESTMENT:
TRENDS AND PERSPECTIVES POST-CRISIS**
Insight and intelligence from the Financial Times Ltd

29 October 2009

ABOUT US: Introducing fDi Intelligence

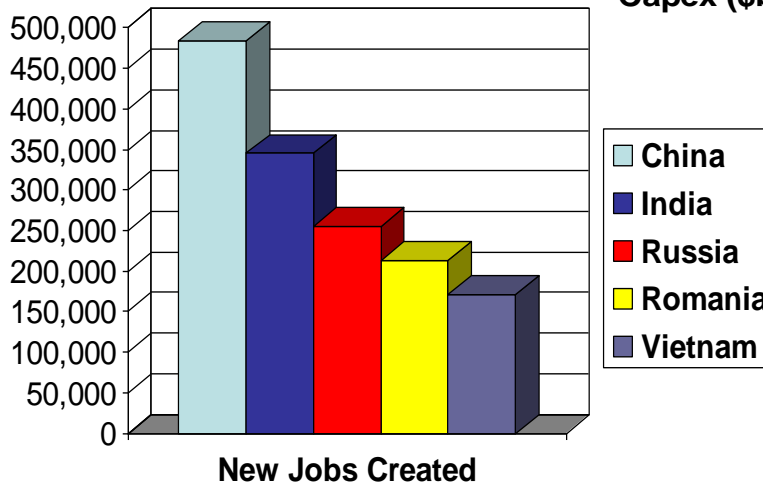
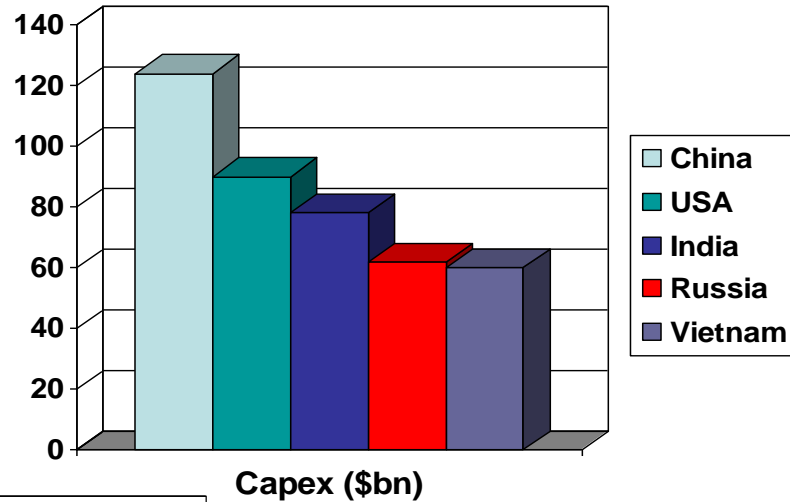
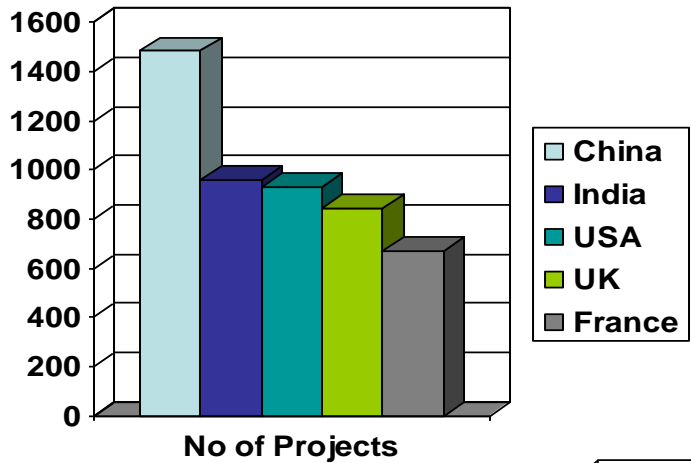
Leading provider of FDI insight and intelligence

- The Financial Times Ltd's dedicated division for foreign direct investment, corporate location and investment promotion
- The largest private-sector FDI research centre, with 40 economists, analysts and specialists as well as the magazine team
- Products and services include:
 - **fDi Magazine**, providing insight on the business of globalization
 - **fDi Markets**, providing intelligence on FDI trends and MNEs
 - **fDi Benchmark**, providing intelligence on location competitiveness
 - **fDi Reports**, customised reports and data research
 - Bespoke FDI events and investor roundtables

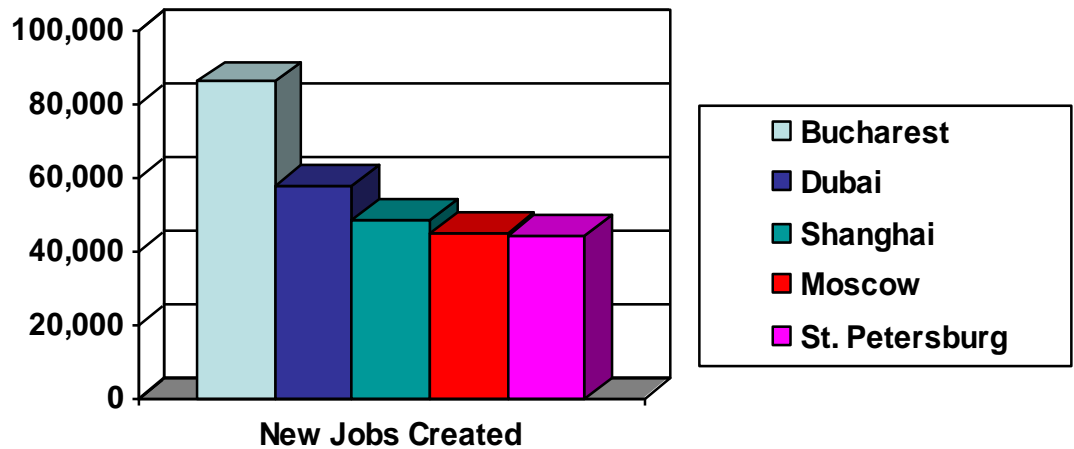
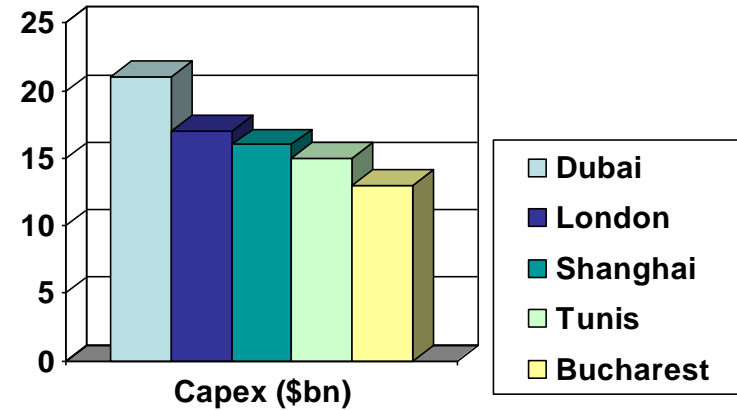
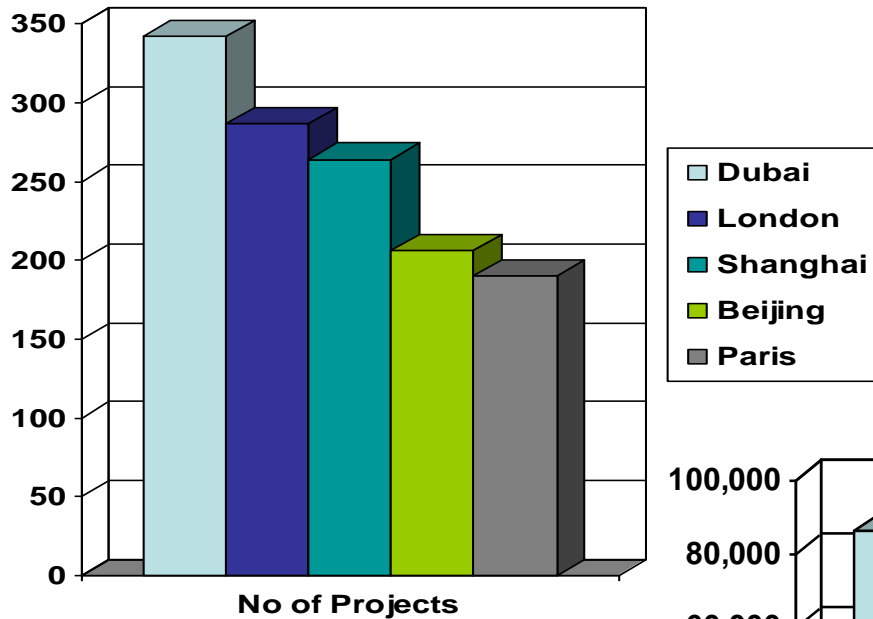
A LOOK BACK AT 2008

- A record year for greenfield investment (+30% over 2007)
- Economic crisis starting to bite in Q3
- M&A market hit severely, but ...
- Effect of global slowdown and credit crunch on 'real' investment less dramatic than on overall foreign investment flows
- China the top destination market by number of projects, capex and jobs created

TOP DESTINATION COUNTRIES: 2008



TOP DESTINATION CITIES: 2008



GLOBAL OUTLOOK FOR 2009

- Decline of 13% predicted in the number of greenfield FDI projects in 2009
- Greenfield investment in developed economies expected to fall significantly more than this
- Investment in developing economies expected to achieve similar levels to 2008
- Recession brings a shift in focus for FDI flows
- Key trends: shifts to developing countries and rapidly urbanising cities, and to services and enviro tech sectors

fDi INVESTOR INTENTIONS SURVEY

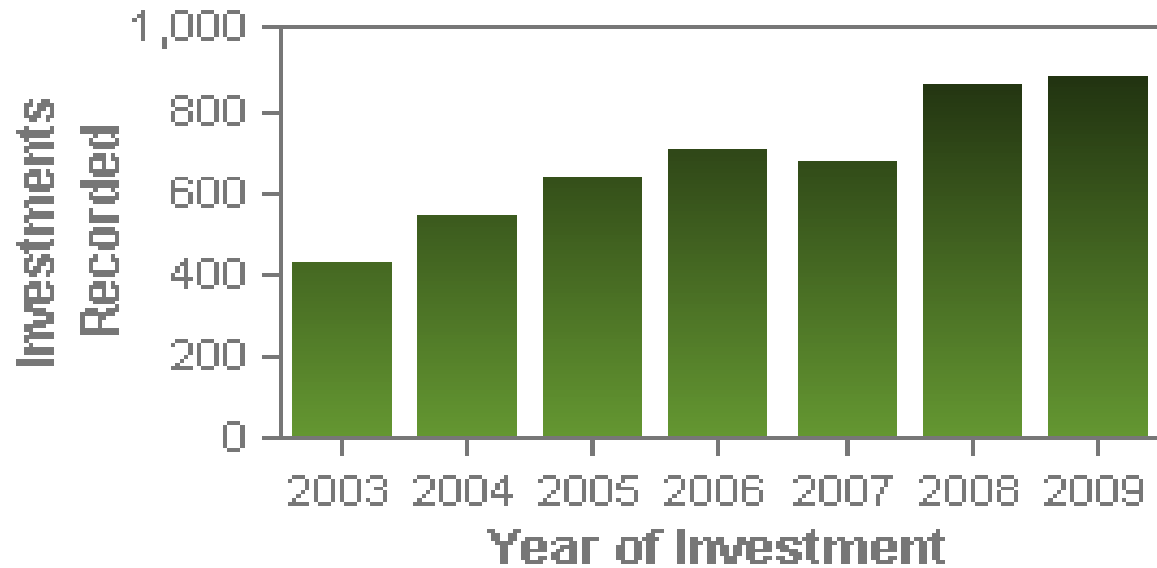
Where companies plan to increase investments in 2009:

- Asia (> 30% companies to increase investments)
- **Europe (> 25%)**
- North America, Latin America and Middle East (nearly 25%)

Which business functions investments will involve:

- R&D and Sales, Marketing and Support (25%)
- Manufacturing (15%)
- Followed by: Logistics, Distribution & Transportation; Business Services; Design, Development & Testing

FDI INTO THE UK: Jan 2003- Oct 09



FDI INTO THE UK: Jan 2003- Aug 09

- fDi Markets recorded **4484 greenfield investment projects** from 3100 companies into the UK
- Average number of jobs created per project: **150**
- Top sector: **Software & IT Services** (19% of projects)
- Top business activity: **Sales, Marketing & Support** (26%)
- Top investors: **Wal-Mart, Dubai Holding and Aldi Group**
- Top source markets: **US** (40%), **Germany** (8%) and **France** (7%)
- Top destination cities: **London** (32%), Manchester (3%), **Belfast** and **Birmingham** (>2%)

FDI INTO THE UK: GROWTH SEGMENTS

- Fastest growing sector, 2003-09: **Hotels & Tourism** (97% average annual growth)
- Followed by: **Food & Tobacco** (74%), **Consumer Products** (40%) and **Communications** (38%)
- Fastest growing business activity: **Construction** (97%)
- Followed by: **Retail** (44%), **Research & Development** (24%), and **Sales, Marketing & Support** (20%)
- Stagnating business activity: **Manufacturing** (2%)
- Declining business activity: **Contact Centres** (-12%)

SECTOR RISK ASSESSMENT

High risk

- **Construction**
- **Real estate**
- Financial services
- Building materials
- Architecture
- Engineering services
- Wood products
- Motor-vehicle retail
- **Consumer goods**
- Personal services
- Auto manufacturing
- Hardware/electronics
- Apparel manufacture
- Chemicals

Medium risk

- Power equipment
- Aircraft manufacture
- **International tourism**
- Accounting
- Media
- Consulting and PR
- Software & IT*
- **Retailing (non-food)**
- Tobacco manufacture

*ERP, CRM, open source, ITO resilient.
Other areas may decline

Low risk

- Low-carbon sector
- Health services**
- Social services
- Education
- **Food & agriculture**
- Domestic tourism
- Internet retailers
- **Mobile telecoms**
- R&D and testing
- Utilities
- Defence
- Pharma
- Energy & mining
- Transportation

**growth expected

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