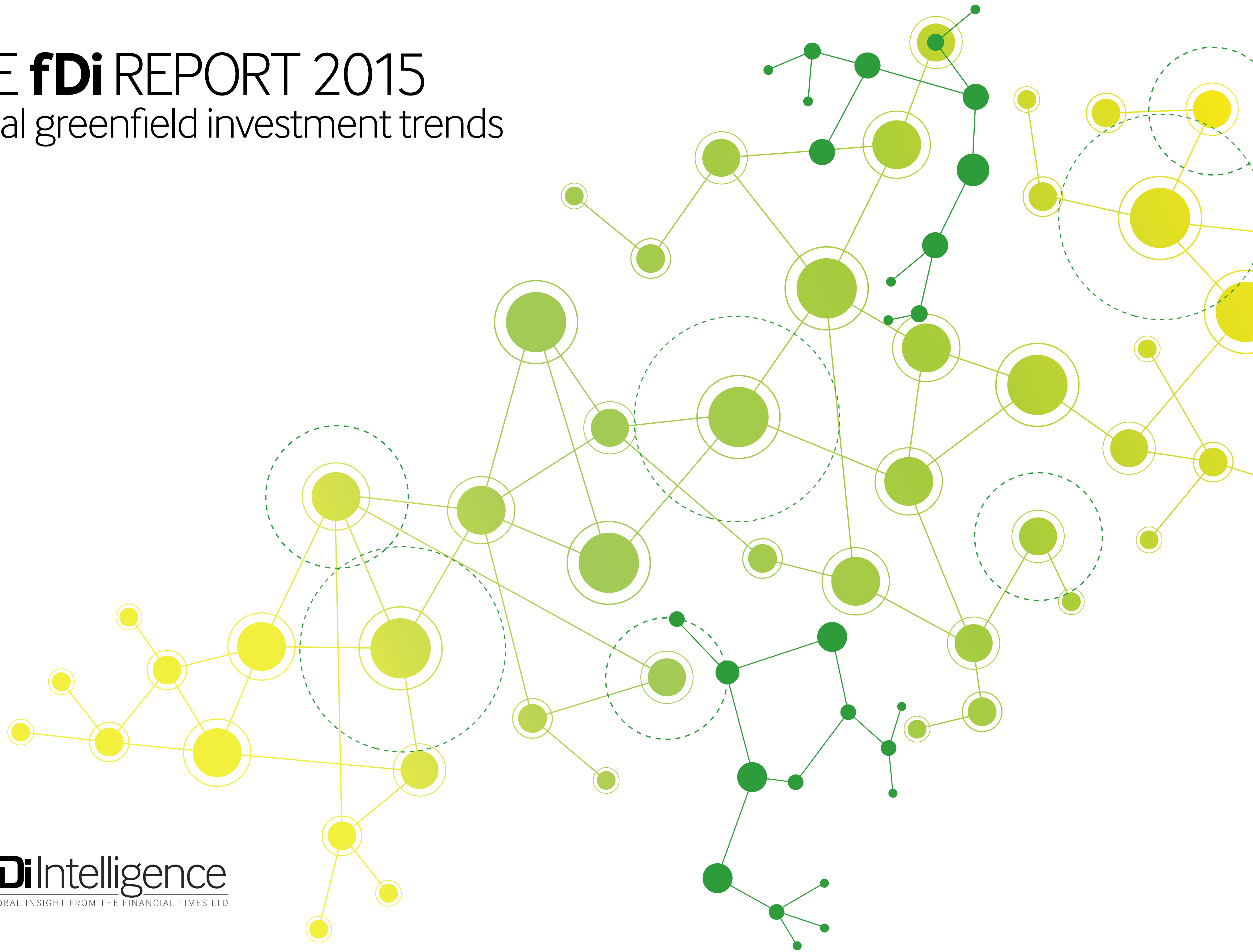
THE fDi REPORT 2015
Global greenfield investment trends



fDi Intelligence
GLOBAL INSIGHT FROM THE FINANCIAL TIMES LTD

Executive summary

Each year we announce the greenfield investment figures captured by our data service, **fDi** Markets – and our report recapping the previous year's FDI performance, called The **fDi** Report, has become essential reading for those involved in the foreign investment industry. We are proud to present the 2015 version of the report.

This time last year, when we released our recap of 2013's FDI figures, we had some modestly good news to share. There were strong signs that the FDI market was rebounding from the doldrums of the previous few years, and we recorded an 11% increase in capital expenditure on greenfield projects. After years of depressing conference attendees with all the downward-pointing graphs that we presented, it was nice to have some positive news to share.

But unfortunately, it seems, the tough times are back. The jobs of investments promoters will not be getting easier any time soon.

Our latest figures reveal that 2014 was a tough year for FDI, with greenfield investment growing by only a tiny percentage and FDI hovering stubbornly below the pre-financial crisis peak.

There were a few bright spots: faster growing economic regions, such as Africa, experienced growth in greenfield FDI in 2014 and – perhaps contrarily to what might be expected – Egypt attracted a raft of mega investment projects as the investment environment and economic prospects in this key market for the Middle East improved.

Some key sectors are also showing signs of life: automotive manufacturing has witnessed a substantial rise in capital investment, and financial services saw a strong rebound with healthy growth in project numbers.

We are, meanwhile, bullish on the prospects for data centres investment and have included a special section in The **fDi** Report on this trend. The number of data centre projects has seen solid year-on-year growth over the past five years and we expect this to continue.

But overall, the picture will remain cloudy for FDI flows into 2015, as major economies such as Brazil and Russia experience economic slowdowns, China's breakneck growth decelerates, and many eurozone economies continue to struggle. Our graphs will not resemble their pre-crisis perkiness for a while yet.

You can read about all of these trends and insights – the good news and the bad – in more detail in this report.

> Unfortunately, it seems, the tough times are back. The jobs of investments promoters will not be getting easier any time soon.

Courtney Fingar

Courtney Fingar is editor-in-chief of **fDi** Magazine *and head of content for* ***fDi*** *Intelligence, the* Financial Times*' specialist unit dedicated to foreign direct investment*

Global overview

In 2014, greenfield FDI continued to show signs of recovery, with capital investment increasing by an estimated 1% from $642bn in 2013 to $649bn and job creation increasing by 17% to 1.84 million. However, the number of FDI projects declined slightly in 2014, decreasing by 1% to 12,069. China was the highest ranked destination country by capital investment, with $75bn-worth of FDI projects announced in 2014, while the US was the highest ranked destination country by number of FDI projects, with a total of 1577 FDI projects announced in this period.

Asia-Pacific remained the leading destination for FDI in 2014, with 4153 announced FDI projects with estimated capital investment of $250bn. The region attracted 38% of all capital investment globally in 2014.

Western Europe was the leading source region for FDI in 2014. Despite a 6% decline in FDI projects, capital investment from the region increased 1% to $226bn. Western Europe, Asia-Pacific and North America accounted for 91% of all overseas capital investment in 2014.

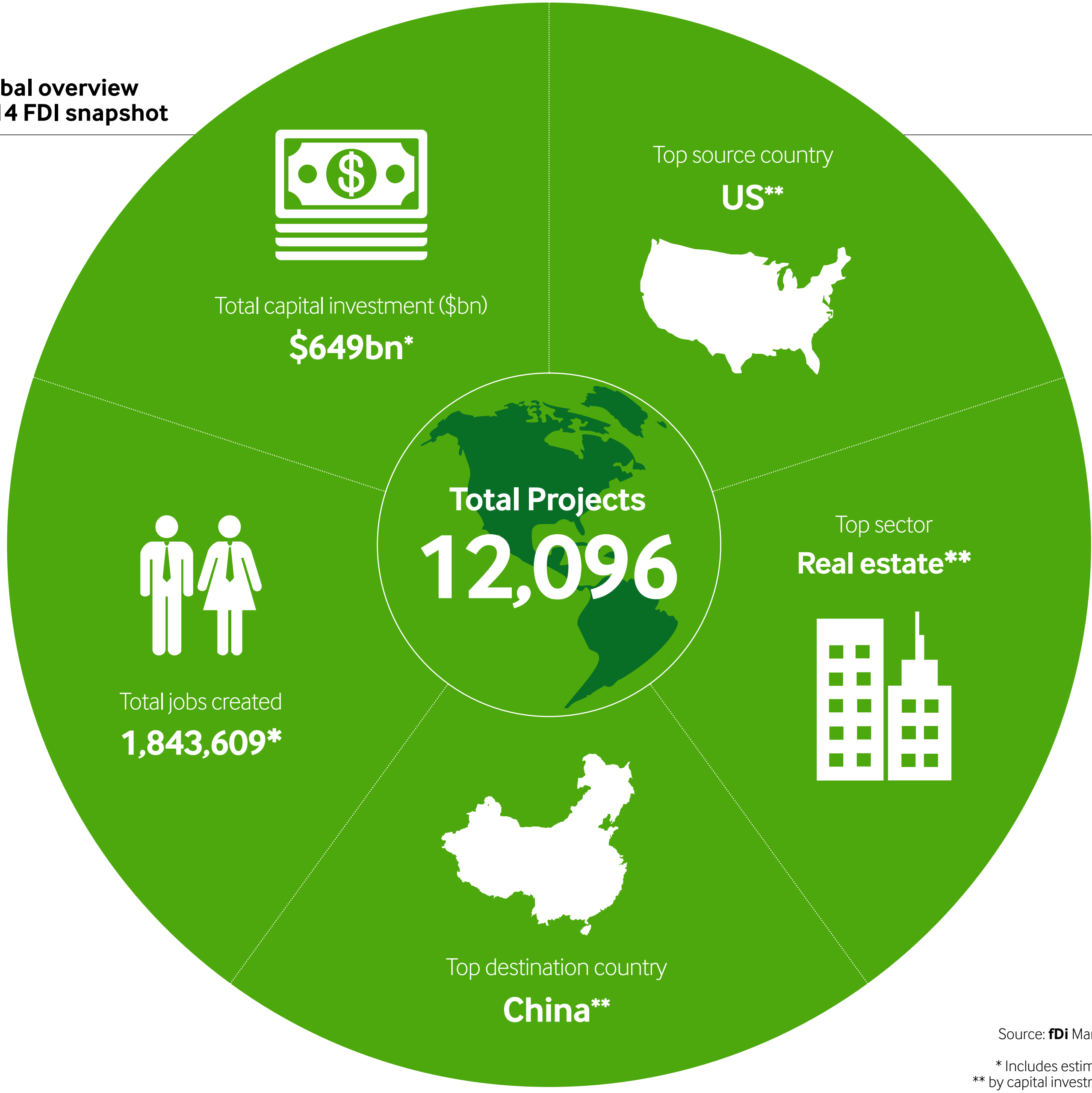
Key trends in 2014 include:

- Africa witnessed the largest increase in inward investment, with $87bn of FDI announced in 2014

- India, Vietnam, Japan and Malaysia were four of the fastest growing destination countries for FDI in 2014

- Inward investment into the region consisting of Russia, the Commonwealth of Independent States, and central, eastern and south-eastern Europe declined by 24%, with $44bn of FDI

Global overview
2014 FDI snapshot



Source: **fDi** Markets

* Includes estimates
** by capital investment

FDI in 2014: Back to reality

by Henry Loewendahl

Last year was a very challenging year for FDI. Early signs of a sustained recovery in FDI in 2013 came to an end in 2014; greenfield investment grew by 11% in 2013 but only by 1% in 2014. FDI remains far below the pre-financial crisis peak. The economic slowdown in major FDI hosts, especially Russia and Brazil, led to a sharp decline in FDI.

Comparing the fDi Markets data on greenfield FDI to the official data on FDI flows reveals a similar pattern. Unctad data on FDI flows shows an 8% decline in FDI flows in 2014, and a halving of FDI flows to transition economies, while fDi Market data shows a 39% decline in FDI projects in Russia.

Faster growing economic regions, in particular Africa, experienced growth in greenfield FDI in 2014, with Egypt once again attracting mega investment projects as its investment environment improves. FDI is primarily market-driven, and for the most part economies that achieved strong economic growth also attracted growing volumes of FDI. This is clear not only in Africa but also in India, which achieved a 47% increase in FDI projects in 2014. With India likely to overtake China as the fastest growing major economy in the world in the future, we expect FDI into India to continue to close the gap on FDI into China. Unctad data also shows a growth in FDI to the faster growing developing countries in 2014, reinforcing the trends we are seeing in greenfield FDI.

One of the most striking trends of 2014 was the changing source of FDI; for the first time ever, China became the largest greenfield investor in the US, driven by major real estate and chemicals investments. The thought piece on Chinese FDI provided in this report suggests that Chinese FDI overseas will continue to grow, especially as the return on investment from investing internationally becomes more attractive with the slowdown in the Chinese economy.

We also saw in 2014 a strong rebound in FDI from the Gulf region, which has historically been one of the leading investors globally. Overseas FDI from the Gulf and from China is behind the major growth in real estate FDI in 2014, with real estate once again becoming the largest sector for greenfield investment, just ahead of the coal, oil and natural gas sector.

Of the manufacturing sectors, the biggest story in 2014 was the resurgence of the automotive sector, with a 71% increase in capital investment. While most regions saw a growth in automotive original equipment manufacturing (OEM) investment in 2014, investment targeted at the buoyant US market was the fastest growing. For the first time, Mexico attracted more new investment in 2014 than any other country in the world and remained the second leading location by this measure after China. Canada and the US also saw major growth in OEM expansion investment.

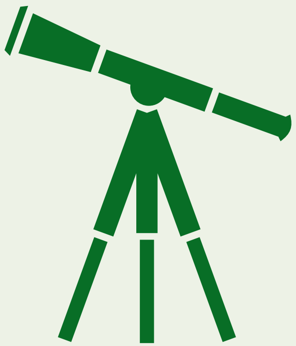
In services, financial services recovered strongly in 2014, with growth in FDI project numbers. The special report on data centres in this report highlights the strong growth and opportunities in this sector, with near 12% year-on-year growth in data centre FDI from 2009 to 2014. We expect continued strong growth in data centre investment with new sources, in particular China, emerging as major overseas investors.

Looking at 2015, the prospects for growth in FDI are low. The major economies of Brazil and Russia look set to contract in 2015, economic growth in the EU will continue to be lacklustre and China's economic growth rate is falling. Also, the huge fall in oil prices will impact negatively on FDI in oil-producing countries.

While the fall in oil prices is leading to sharp cuts in energy investment in the US, as it is elsewhere, the size and growth of consumer demand in the US will lead to growing FDI in other sectors, especially manufacturing sectors benefiting from both low oil prices and growing demand. The US is, in fact, expected to contribute almost the same to world GDP growth in 2015 as China for the first time in many years. India and fast-growing economies in Africa, Asia and the Middle East are also locations to watch in 2015 for growth in FDI.

Forecasts

Over the next five-year period, FDI is predicted to grow on average by 2.5% per year. However, we expect 2015 to prove difficult, forecasting a range of between -5% and 1.38% growth



Dr Henry Loewendahl is the founder and CEO of FDI consultancy Wavteq Ltd and a senior vice-president of fDi Intelligence. He has nearly 20 years of industry and academic experience and has worked with more than 100 governments and corporations

In focus: China's outbound investment

Capital investment in greenfield FDI projects from China in 2014 totalled $64bn, which is more than three times the figure achieved in 2013.

The top destination for FDI from China in 2014 was the US, which attracted $9bn in capital investment. Chinese FDI to the US has increased since 2011, recording 200% growth in 2014. California was the leading destination state for Chinese FDI by number of FDI projects announced.

The top five sectors for Chinese FDI in North America by capital investment were real estate; paper, printing and packaging; chemicals; hotels and tourism; and software and IT services. FDI into North America in the real estate sector from China increased in value in 2014 thanks to large projects such as the $1.2bn mixed-use development planned by Dalian Wanda. The jump in capital investment in the chemicals sector can be attributed to major projects such as Shandong Yuhuang Chemical's $1.85bn world-scale methanol manufacturing complex in Louisiana.

Key trends in 2014 include:

• Outward capital investment globally from China increased from $41bn in 2011 to $64bn in 2014

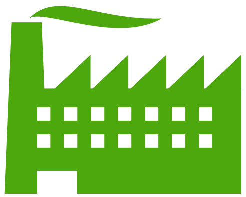
• Chinese FDI to North America increased in 2014 by 233% reaching $10bn

Table 1

FDI FROM CHINA INTO NORTH AMERICA BY CAPITAL INVESTMENT ($BN)

Sector	2011	2012	2013	2014
Real estate	0.0	0.0	2	3
Paper, printing and packaging	0.0	0.0	0.0	2
Chemicals	0.0	0.0	0.0	2
Hotels and tourism	0.0	0.0	0.2	1
Software and IT services	0.0	0.0	0.1	0.4
Communications	0.4	0.1	0.1	0.4
Metals	1	0.0	0.3	0.2
Food and tobacco	0.0	0.0	0.0	0.1
Automotive components	0.1	0.1	0.1	0.1
Biotechnology	0.0	0.0	0.0	0.1
Other	0.2	0.2	0.1	0.4
Total	3	3	3	10

Source: fDi Markets



$1.85bn

Shandong Yuhuang Chemical invested $1.85bn in a world-scale methanol manufacturing complex in St James Parish, Louisiana.

Table 2

FDI FROM CHINA BY CAPITAL INVESTMENT ($BN)

Country	2011	2012	2013	2014
US	2	2	3	9
Russia	1	1	0	7
Iran	1	0	4	4
UK	0	0	0	4
Peru	5	1	0	4
Indonesia	5	2	1	1
Saudi Arabia	1	1	1	1
Brazil	3	1	0.2	1
India	0.5	0.3	0.0	0.4
Australia	0.0	0.0	0.0	0.3
Vietnam	4	0.0	0.0	0.1
Other	19	11	12	34
Total	41	19	21	64

Source: fDi Markets

Table 3

FDI FROM CHINA BY CAPITAL INVESTMENT ($BN)

Region	2011	2012	2013	2014
Asia-Pacific	19	7	7	23
Latin America and the Caribbean	7	4	3	10
Rest of Europe	2	2	2	10
North America	3	3	3	10
Africa	2	2	0.3	6
Western Europe	3	1	5	6
Middle East	5	1	0.2	1
Total	41	19	21	64

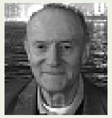
Source: fDi Markets

CHINA'S INVESTMENT IN THE US, 2014

THE TOP FIVE SECTORS FOR CHINESE FDI IN NORTH AMERICA BY CAPITAL INVESTMENT

The changing face of Chinese outbound investment

by Chris Fraser



China is now the world's third largest outward direct investor (ODI), has the most students studying overseas of any country and has the highest spending tourists on overseas trips. Although the focus of this article is on ODI, all these trends can be seen in the context of the economic benefits of Chinese outbound investment and its increasing impact worldwide.

ODI from China was largely triggered by the announcement of the Going Abroad policy in 2001/02. Before that date, outward investors from China basically comprised state-owned conglomerates such as banking, insurance and import-export companies linked to sectors such as chemicals.

The dramatic changes that have since taken place have seen Chinese ODI increase dramatically and bear witness to a national strategy to encourage ODI in key sectors, to some extent to fill gaps left in the country's technological base by a complete lack of such activity during the 1960s and 1970s. ODI from China now reaches most countries and, of course, private sector corporate investors comprise a rapidly growing part of the phenomenon, since outbound investment restrictions have been loosened.

State-owned enterprises (SOEs) from China have made overseas investment decisions guided by government policy and strategies, while private sector corporates often tended, early on, to aim for real or perceived market-driven opportunities in an opportunistic manner, which led in some cases to major problems when insufficient due diligence and research was undertaken beforehand. SOE management, on the other hand, has tended to take a more cautious approach for fear of making mistakes or decisions that could affect a decision-maker's career. However, lessons have been learned in the private sector, with personal considerations falling away to an extent, and a more measured approach being taken.

Major drivers for ODI have been the search for resources and technology, with Chinese sovereign wealth funds also setting up in key global markets, and making and supporting strategic investments, particularly in the field of M&A.

Growth in China's economy has been slowing, but this tends to act as an incentive to invest overseas to counter domestic overcapacity or other factors, while foreign recessionary issues have meant that industrial and commercial bargains have been available in different parts of the globe. Of course, political risk factors will play a part in decision making, but nevertheless the surge of Chinese ODI is expected to continue for the foreseeable future.

Chris Fraser is director of Asia operations at FDI consultancy Wavteq and has been involved in the mainland China market since the early 1980s, both in a public and private sector capacity

Asia-Pacific

Key trends in 2014 include:

• China remained the leading destination country in Asia-Pacific, with a 9% increase in capital investment

• FDI projects into India grew by 47% in 2014, with 641 announced projects

• Capital investment into South Korea increased 124% following Microsoft's plans to invest $450m in a data centre project in Busan

• Vietnam recorded a 119% increase in FDI projects and 56% increase in capital investment with $24bn in FDI recorded in 2014. Samsung invested in four manufacturing plant projects, each totalling more than $1bn in capital investment

• China was the largest source of FDI from Asia-Pacific, accounting for 29% of capital investment and 15% of FDI projects

• South Korea increased capital investment overseas by 139% in 2014 to $23bn

• Malaysian FDI overseas jumped by 263%. Enersave and Shahed International accounted for a significant portion of the $9.42bn capital investment overseas

• Japan was ranked second for overseas capital investment and first for number of projects, with 874 projects overseas in 2014

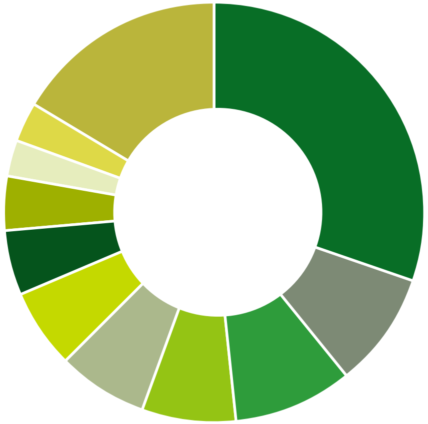
• Indian FDI overseas declined by 19% to 226 projects in 2014

• Taiwanese FDI overseas more than doubled with 166 FDI projects

Graph 1

FDI INTO ASIA-PACIFIC IN 2014

Capital investment $bn



% Asia-Pacific market share		Capital investment ($bn)
30%	China	75
9%	Vietnam	24
9%	India	23
7%	Malaysia	19
7%	Indonesia	17
6%	Australia	14
5%	Singapore	11
4%	South Korea	10
3%	Thailand	8
3%	Japan	8
16%	Other	40

Source: **fDi** Markets,
Note: includes estimates

Table 1

FDI INTO ASIA-PACIFIC BY PROJECT NUMBERS IN 2014

Country	Projects 2014	% change
China	932	4%
India	641	47%
Singapore	409	18%
Australia	352	21%
Vietnam	241	119%
Japan	196	42%
Malaysia	187	51%
Hong Kong	163	10%
Indonesia	155	5%
Thailand	149	16%
Other	728	21%
Total	4153	23%

Source: **fDi** Markets

$450m

US-based Microsoft plans to establish a $450m data centre in Busan, South Korea. It will be located on a 15,330-square-metre plot at the LG CNS Busan Global Cloud Data Centre

Table 2

FDI OUT OF ASIA-PACIFIC BY CAPITAL INVESTMENT ($BN) IN 2014

Country	Capital investment 2014 ($bn)
China	64
Japan	50
South Korea	23
Singapore	16
India	13
Taiwan	12
Hong Kong	11
Australia	11
Malaysia	9
Thailand	4
Other	8
Total	222

Source: **fDi** Markets

Table 3

FDI OUT OF ASIA-PACIFIC BY PROJECT NUMBERS IN 2014

Country	Projects 2014
Japan	874
China	401
India	226
Australia	219
South Korea	205
Singapore	178
Taiwan	166
Hong Kong	136
Thailand	59
Malaysia	52
Other	145
Total	2661

Source: **fDi** Markets

> China remained the leading destination country in Asia-Pacific, with a 9% increase in capital investment

KEY TRENDS IN 2014

51%

FDI projects in Malaysia grew by 51% and capital investment by 205% following Mitsui & Co's plans for a $3.3bn coal-fired power generation plant

Japan had a 13% drop in capital investment during 2014, to $8bn

13%

119%

Vietnam recorded a 119% increase in FDI projects and 56% increase in capital investment with $24bn in FDI recorded in 2014

Recent major projects

- **China-based China Gezhouba Group,** a water conservation and hydropower company, is to invest $3.5bn on four 660-megawatt coal-fired power plants in Gaddani, Pakistan.
- **Japan-based Mitsui & Co,** together with 1Malaysia Development, will invest $3.3bn to develop a 2000-megawatt coal-fired power generation plant located in Mukim Jimah, Negri Sembilan, Malaysia.
- **New Zealand-based Vivus Global,** a company that specialises in international crossborder finance, leveraged buyouts and equity investments, is to establish a $2.5bn shipyard facility in Rajapur, India.
- **Hong Kong-based Hong Chong Cheng Information Technology** has signed a co-operation agreement with the Mianyang municipal government for a $2.52bn semiconductor chip project in Mianyang, China.

Europe

Key trends in 2014 include:

• FDI into Europe by project numbers fell by nearly 17% in 2014, in contrast to near 7% growth in FDI in North America

• FDI into Russia declined by 39% to only 134 FDI projects

• The top five biggest investors in Russia were all Chinese companies, which announced FDI projects worth more than $5bn in the country

• FDI into Ukraine was hit harder than in Russia, with 80% decline in capital investment and 64% decline in FDI projects

• FDI into Turkey also dropped sharply, with a 49% decline in capital investment. Turkey's ranking in Europe by this measure dropped from fourth in 2013 to ninth in 2014

• Ireland and the UK were the only countries in the top 10 to achieve growth in 2014 across project numbers, capital investment and job creation

• Macedonia attracted a 35% increase in project numbers and a 74% increase in capital investment

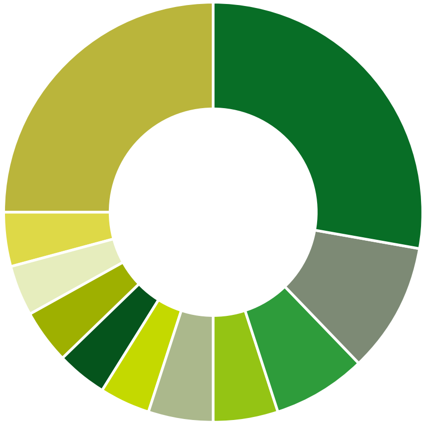
• Europe experienced a decline as a source of FDI across capital investment (-6%), project numbers (-6%) and job creation (-8%)

• The UK was the leading investor overseas from Europe by number of FDI projects, although the number of projects launched from the country fell by 13% in 2014

Graph 1

FDI INTO EUROPE IN 2014

Capital investment $bn



% Europe market share		Capital investment ($bn)
28%	UK	35
10%	Russia	12
7%	Spain	9
5%	Germany	7
5%	Poland	6
4%	France	6
4%	Netherlands	5
4%	Romania	5
4%	Turkey	5
4%	Ireland	5
25%	Other	32

Source: **fDi** Markets,
Note: includes estimates

Table 1

FDI INTO EUROPE BY PROJECT NUMBERS 2014

Country	Projects 2014	% change
UK	909	8%
Germany	378	-47%
Spain	252	-11%
France	237	-41%
Poland	177	-1%
Ireland	168	6%
Netherlands	144	2%
Russia	134	-39%
Romania	125	-2%
Italy	101	31%
Finland	101	-8%
Other	974	-19%
Total	3700	-17%

Source: **fDi** Markets

$1bn

Esso Belgium is to invest $1bn to install a new delayed coker unit at its refinery in Antwerp, Belgium.

Table 2

FDI OUT OF EUROPE BY CAPITAL INVESTMENT ($BN) IN 2014

Country	Capital investment 2014 ($bn)
Germany	47
France	40
UK	33
Spain	16
Netherlands	15
Italy	14
Switzerland	12
Greece	10
Belgium	7
Luxembourg	6
Other	37
Total	238

Source: **fDi** Markets

Table 3

FDI OUT OF EUROPE BY PROJECT NUMBERS IN 2014

Country	Projects 2014
UK	1128
Germany	1053
France	583
Switzerland	357
Spain	340
Netherlands	319
Italy	229
Sweden	220
Luxembourg	143
Ireland	134
Other	1057
Total	5563

Source: **fDi** Markets

“FDI into Europe by project numbers fell by nearly 17% in 2014, in contrast to near 7% growth in FDI in North America

KEY TRENDS IN 2014

$47bn

Germany was the leading overseas investor from Europe, with $47bn in announced projects overseas

FDI into Europe by project numbers fell by nearly 17% in 2014

17%

61%

Luxembourg was the fastest growing investor overseas from Europe, with a 61% growth in projects to 143

Recent major projects

- **China Triumph International Engineering** is planning a $3bn mechanical engineering plant in Ulyanovsk, Russia. The facility will make equipment for the cement, automotive, railway, oil and gas, chemical, defence and nuclear industries.
- **China-based Hawtai Motor Group** plans to invest $1.1bn in the construction of a car production plant in Russia. The free zones in Tatarstan, Karachay-Cherkessia, Samara and Sverdlovsk are under consideration.
- **Italy-based Terna,** which operates in electrical energy transmission and dispatching, will invest $1bn in a 1000-megawatts subsea power link to Montenegro by 2017.
- **Singapore-based Metro Holdings** has entered into a 25-25-50 joint-venture agreement with Top Spring International Holdings and Scarborough International for a £575m ($870m) mixed-use project in Salford, UK.

North America

Key trends in 2014 include:

• FDI into North America increased in 2014 with a 7% increase in the number of FDI projects and a 3% increase in capital investment

• Ontario remained the top state in North America for capital investment for the second year running, ahead of Texas

• California retained its position as top destination state measured by the number of FDI projects, unbeaten since 2005

• Virginia entered the top 10 states, with 351% growth in capital investment, which included an announced $2bn investment from China-based Shandong Tralin Paper

• Minnesota saw the biggest increase in FDI projects in 2014, with the number of FDI projects more than doubling

• Texas and Florida both saw a decline in FDI project numbers, of 11% and 9%, respectively

• Georgia fell from sixth place to 14th in capital investment, with $1bn in 2014, while the number of FDI projects in the state remained unchanged

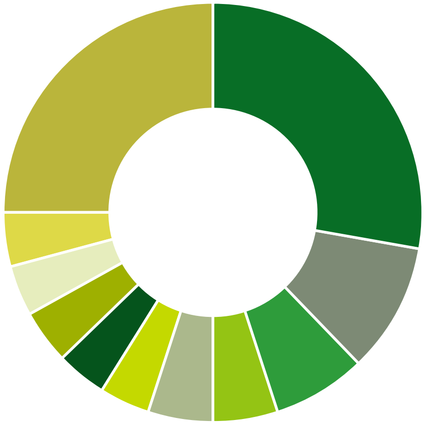
• North America overseas FDI increased by 9% in 2014 to $142bn, while the number of FDI projects overseas was flat at just over 3000

• California remained the leading state for overseas FDI both in terms of capital investment and number of FDI projects established

Graph 1

FDI INTO NORTH AMERICA IN 2014

Capital investment $bn



% North America market share		Capital investment ($bn)
12%	Ontario	7
10%	California	6
6%	Texas	4
6%	South Carolina	4
4%	Virginia	3
4%	New York	3
4%	Tennessee	2
4%	Quebec	2
3%	Louisiana	2
3%	Illinois	2
43%	Other	27

Source: fDi Markets,
Note: includes estimates

Table 1

FDI INTO NORTH AMERICA BY PROJECT NUMBERS 2014

State/province	Projects 2014	% change
California	270	26%
New York	196	22%
Texas	122	-11%
Ontario	113	16%
Massachusetts	70	15%
Florida	68	-9%
Illinois	58	12%
Georgia	57	0%
Michigan	57	27%
Quebec	54	10%
South Carolina	54	10%
Other	718	-1%
Total	1837	7%

Source: fDi Markets

$1bn

Germany-based car manufacturer BMW has announced it will invest $1bn in expanding its manufacturing facility in Spartanburg, South Carolina

Table 2

FDI OUT OF NORTH AMERICA BY CAPITAL INVESTMENT ($BN) IN 2014

State/province	Capital investment 2014 ($bn)
California	23
New York	13
Michigan	13
Ontario	11
British Columbia	7
Texas	7
Washington	7
Colorado	6
Alberta	5
Connecticut	5
Other	45
Total	142

Source: **fDi** Markets

Table 3

FDI OUT OF NORTH AMERICA BY PROJECT NUMBERS IN 2014

State/province	Projects 2014
California	620
New York	368
Ontario	209
Illinois	159
Texas	142
Georgia	103
Massachusetts	103
Florida	100
Michigan	93
New Jersey	89
Other	1043
Total	3029

Source: **fDi** Markets

> Ontario remained the top state in North America for capital investment for the second year running, ahead of Texas

KEY TRENDS IN 2014

7%

FDI into North America increased in 2014 with a 7% increase in number of FDI projects

Florida saw a decline in FDI project numbers of 9%

9%

$4bn

South Carolina more than doubled capital investment, rising from $2bn to $4bn

Recent major projects

- **Car and utility vehicle manufacturer Chrysler Group,** a subsidiary of Italy-based Fiat, has announced it will invest C$2.6bn ($2.13bn) expanding its manufacturing plant in Windsor, Canada. The expansion will develop and build the company's next generation of minivans.
- **China-based Shandong Tralin Paper,** a manufacturer of pulp and paper, has announced it will open a new manufacturing facility in Richmond, Virginia. The company will invest $2bn by 2019 and create 2000 jobs by 2020 at the site.
- **China-based property conglomerate Dalian Wanda Group** has announced it will open a new mixed-use development in Beverly Hills, California, following a $1.2bn investment.
- **South Korea-based Samsung** plans to invest $1.1bn to establish two biopharmaceutical plants in the US. The company has held talks with Bristol-Myers Squibb and Roche Group for the facilities.

Latin America and Caribbean

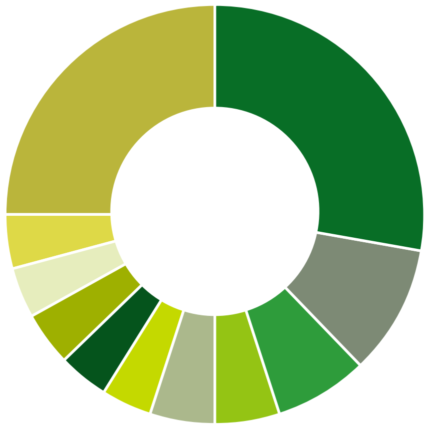
Key trends in 2014 include:

- FDI declined sharply in 2014, with a 39% decline in capital investment and a 16% decline in number of FDI projects in Latin America and the Caribbean
- Mexico was the leading destination country for both capital investment and FDI projects attracted
- Antigua entered the top 10 destination countries with a $2bn mixed-use leisure complex announced by Yida International Investment Group
- Of the top 10 countries, Panama was the only country to witness a growth in the number of FDI projects, with a 19% increase
- Software and IT services accounted for the largest number of FDI projects, with 121, despite a fall of 18% compared with 2013
- FDI from Latin America and the Caribbean fell by 57% in capital investment and 24% in the number of FDI projects overseas
- Mexico replaced Brazil as top source country for capital investment
- Brazil remained the top source country for FDI projects overseas
- Mexico and Brazil accounted for 55% of capital investment from the region in 2014

Graph 1

FDI INTO LATIN AMERICA AND THE CARIBBEAN IN 2014

Capital investment $bn



% Latin America and Caribbean market share		Capital investment ($bn)
36%	Mexico	33
20%	Brazil	18
9%	Panama	8
7%	Chile	7
6%	Peru	5
4%	Argentina	3
3%	Colombia	3
2%	Antigua and Barbuda	2
2%	Honduras	2
1%	Dominican Republic	1
10%	Other	9

Source: **fDi** Markets,
Note: includes estimates

Table 1

FDI INTO LATIN AMERICA AND THE CARIBBEAN BY PROJECT NUMBERS 2014

Country	Projects 2014	% change
Mexico	365	-15%
Brazil	322	-4%
Colombia	75	-41%
Chile	59	-27%
Argentina	57	-26%
Peru	42	-22%
Costa Rica	29	-15%
Panama	25	19%
Puerto Rico	20	-33%
Uruguay	20	-13%
Other	126	-9%
Total	1140	-16%

Source: **fDi** Markets

$2m

US-based Hanesbrands, an apparel maker, has invested $2m to open a new manufacturing plant in Buena Vista, Honduras, creating 2500 new jobs

Table 2

FDI OUT OF LATIN AMERICA AND THE CARIBBEAN BY CAPITAL INVESTMENT ($BN)

Country	Capital investment 2014 ($bn)
Mexico	3
Brazil	1
Bermuda	1
Venezuela	1
Chile	1
Cayman Islands	0.5
Peru	0.4
Colombia	0.3
Jamaica	0.2
Panama	0.1
Other	0.3
Total	9

Source: **fDi** Markets

Table 3

FDI OUT OF LATIN AMERICA AND THE CARIBBEAN BY PROJECT NUMBERS IN 2014

Country	Projects 2014
Brazil	56
Mexico	43
Bermuda	19
Argentina	14
Peru	14
Chile	13
Colombia	13
Venezuela	10
Jamaica	5
Cayman Islands	4
Panama	4
Other	13
Total	208

Source: **fDi** Markets

“Mexico was the leading destination country for both capital investment and FDI projects attracted

KEY TRENDS IN 2014

55%

Mexico and Brazil accounted for 55% of capital investment into Latin America and the Caribbean in 2014

FDI declined sharply in 2014, with a 39% decline in capital investment

39%

$8bn

FDI into Panama quadrupled to $8bn, following a $6bn copper mining project from Canada's First Quantum Minerals

Recent major projects

- **Canada-based First Quantum Minerals** has announced plans to invest $6.4bn to develop its copper mine in Donoso, Colon Province, Panama. The Cobre Panama project is expected to produce 320,000 tonnes of copper a year after opening in 2017.
- **MMG, a subsidiary of China-based China Minmetals,** plans to establish a new copper mine in the Cotabambas province of Peru. The development will cost between $2.7bn and $3.2bn.
- **IEnova, a subsidiary of US-based Sempra Energy,** is to invest $2bn in a project in Tecate, Mexico, by 2024. The company will install 47 wind turbines to produce 156 megawatts of electricity, to be exported to the electric network in San Diego, California.
- **Kia Motors, an automobile manufacturer and subsidiary of Japan-based Hyundai Motor,** is to invest $1bn in a manufacturing plant in Monterrey, Mexico. The project will create an estimated 3000 direct jobs and will be completed by the second quarter of 2016.

Middle East and Africa

Key trends in 2014 include:

• FDI into the region increased by 22% to $121bn in 2014, while the number of FDI projects declined by 6%

• Egypt, Angola, Morocco, Ghana and Zambia all moved into the top 10 destinations in the region by capital investment, replacing Iraq, Jordan, Ethiopia, Algeria and Kenya

• Egypt recorded the greatest increase in FDI, with $18bn of investment and a 42% increase in number of FDI projects

• The United Arab Emirates was the leading country by number of FDI projects attracted, with 11% growth in 2014

• Angola attracted $16bn more FDI in 2014 than in 2013

• Iraq recorded 50% fewer FDI projects than in 2013

• FDI from the Middle East and Africa region decreased by 21% in 2014, to $38bn

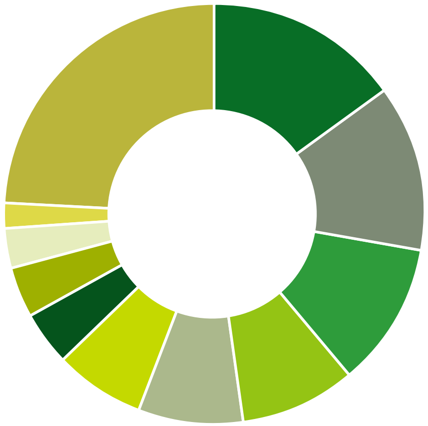
• India attracted the highest number of FDI projects from the region

• Latin America and the Caribbean attracted the fewest number of FDI projects from the region

Graph 1

FDI INTO MIDDLE EAST AND AFRICA IN 2014

Capital investment $bn



% Middle East and Africa market share		Capital investment ($bn)
15%	Egypt	18
13%	Angola	16
11%	UAE	13
9%	Nigeria	11
8%	Saudi Arabia	10
7%	Mozambique	9
4%	Morocco	5
4%	Ghana	4
3%	South Africa	4
2%	Zambia	3
24%	Other	29

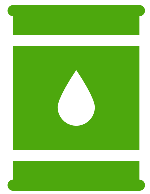
Source: **fDi** Markets,
Note: includes estimates

Table 1

FDI INTO MIDDLE EAST AND AFRICA BY PROJECT NUMBERS 2014

Country	Projects 2014	% change
UAE	302	11%
South Africa	116	-15%
Saudi Arabia	75	-22%
Morocco	65	59%
Kenya	57	-12%
Egypt	51	42%
Mozambique	50	67%
Qatar	44	-21%
Nigeria	43	-4%
Ghana	33	-33%
Other	403	-18%
Total	1239	-6%

Source: **fDi** Markets



$5bn

Greece-based Mac Optic, a petrochemical specialist, plans to establish a petroleum refinery in Egypt. To be located within the Suez governorate, the $5bn refinery will require 250,000 barrels of oil per day

Table 2

FDI OUT OF MIDDLE EAST AND AFRICA BY CAPITAL INVESTMENT ($BN) IN 2014

Country	Capital investment 2014 ($bn)
UAE	19
South Africa	5
Israel	2
Mauritius	2
Egypt	2
Saudi Arabia	2
Morocco	1
Nigeria	1
Djibouti	1
Zimbabwe	1
Other	4
Total	38

Source: **fDi** Markets

Table 3

FDI OUT OF MIDDLE EAST AND AFRICA BY PROJECT NUMBERS IN 2014

Country	Projects 2014
UAE	243
South Africa	74
Israel	74
Saudi Arabia	30
Morocco	25
Qatar	23
Kenya	20
Nigeria	15
Mauritius	11
Kuwait	11
Lebanon	11
Other	71
Total	608

Source: **fDi** Markets

> Egypt, Angola, Morocco, Ghana and Zambia all moved into the top 10 destinations in the region by capital investment

KEY TRENDS IN 2014

50%

The UAE dominates outward FDI, accounting for 50% of capital investment and 40% of FDI projects overseas

Iraq recorded 50% fewer FDI projects than in 2013

50%

23%

Israel continued to grow as a source of FDI, with projects overseas increasing by 23% to 74 projects

Recent major projects

- **France-based Total,** an oil and gas major, plans to invest $16bn to develop the Kaombo offshore oilfield in Angola. The development will be established through a joint-venture initiative, with Total as the main operator with a 30% share.
- **SkyPower FAS Energy**, a subsidiary of Canada-based SkyPower, is to invest $5bn to establish a solar power plant in Nigeria. The 3000-megawatt project is expected to be operational by 2019.
- **Malaysia-based Shahed International,** an automotive manufacturer, plans to establish a new factory in Dammam, Saudi Arabia. The $2bn plant will be constructed on a 250-hectare site, and will have an annual production capacity of 300,000 vehicles.
- **Meridian Port Services**, a subsidiary of Denmark-based AP Moller-Maersk, is expanding Tema Port in Ghana. The $1bn expansion project will see the development of four deep-water berths and an access channel for larger vessels, increasing the port's throughput capacity to 3.5 million TEUs.

Sector analysis

Key trends in 2014 include:

• Real estate was the leading sector for FDI, with $81bn of announced FDI in 2014

• Real estate also saw a 48% increase in project numbers

• Coal, oil and natural gas was the second largest sector for FDI, recording $79bn of announced FDI, 9% higher than in 2013

• Communications was the third leading sector with $59bn of FDI. However, capital investment declined in 2014 by 12%

• FDI in automotive original equipment manufacturing grew strongly in 2014, to $51bn, with a 71% increase in capital investment and 26% increase in project numbers

• Renewable energy saw a decline in FDI of 18%, with $45bn of projects in 2014

• In terms of project numbers, software and IT services, business services and financial services remain the top three sectors, accounting for 36% of FDI projects globally

• FDI in the food and tobacco sector grew strongly, from 392 projects in 2013 to 451 in 2014

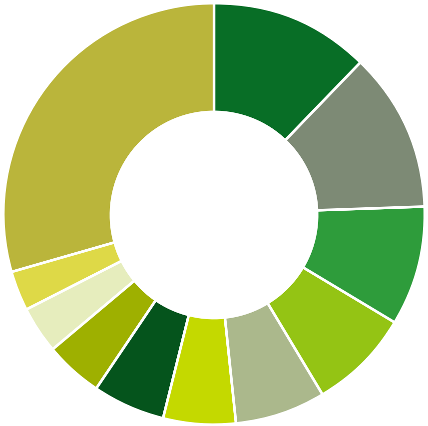
• There were 425 real estate projects in 2014, a 48% increase on 2013's figure.

• Transportation project numbers experienced a 15% decline in 2014, to 608.

Graph 1

FDI BY SECTOR 2014

Capital investment ($bn)



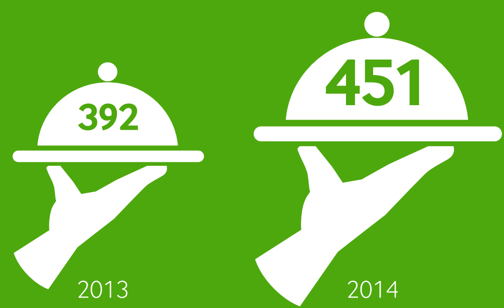
81	Real estate
79	Coal, oil and natural gas
59	Communications
51	Automotive OEM
45	Alternative/ renewable energy
36	Financial services
35	Metals
29	Chemicals
24	Transportation
19	Software and IT services
191	Other

Source: fDi Markets,
Note: includes estimates

Real estate was the leading sector for FDI, with $81bn of announced FDI in 2014. The sector also saw a 48% increase in project numbers

Communications was the third leading sector with $59bn of FDI. However, capital investment declined in 2014 by 12%

Coal, oil and natural gas was the second largest sector for FDI, recording $79bn of announced FDI, 9% higher than in 2013



The food and tobacco sector grew strongly, from 392 projects in 2013 to 451 in 2014

In focus: Data centres

A data centre is a dedicated physical or virtual facility that houses ICT infrastructure such as servers and network systems. With the ever-expanding reliance on IT by companies, as well as growth in social media and e-commerce, FDI in data centres has witnessed considerable growth in recent years. Between 2009 and 2014, data centre FDI has increased, on average, by almost 12% year on year for projects and by 3.5% by capital investments.

Key site selection factors

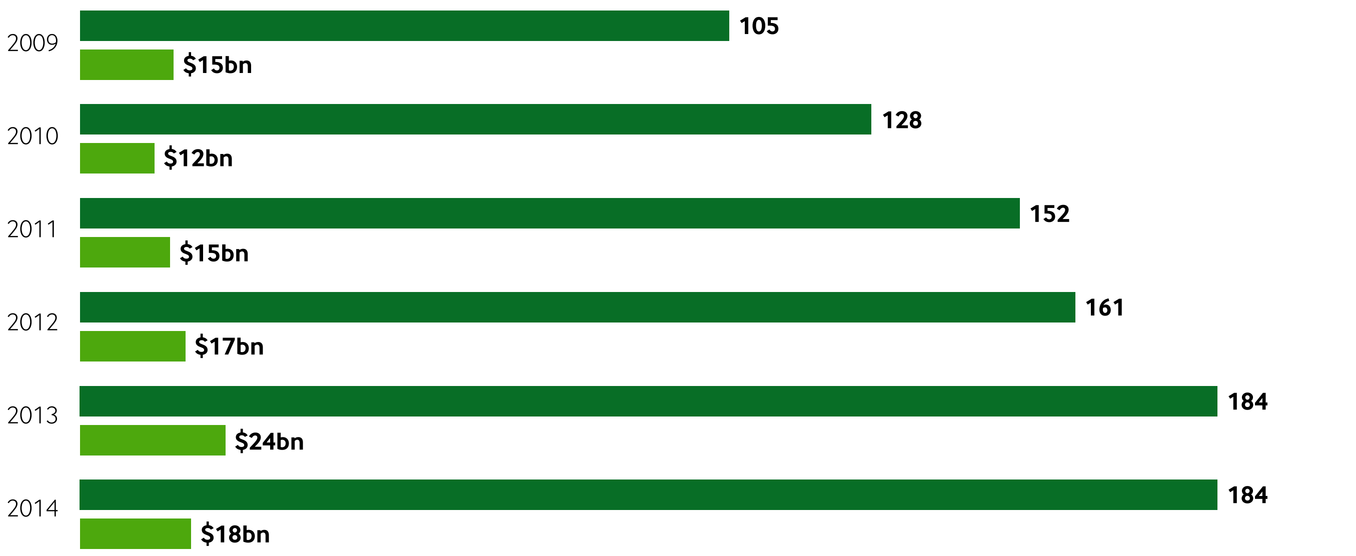
- Power availability, reliability and cost
- Telecommunications – fast connectivity between data centre and office(s)
- Security/risk analysis
- Availability and cost of land
- Availability of skilled labour
- Renewable energy resources – can ensure environmental targets are reached
- Incentives offered

Why target data centres?

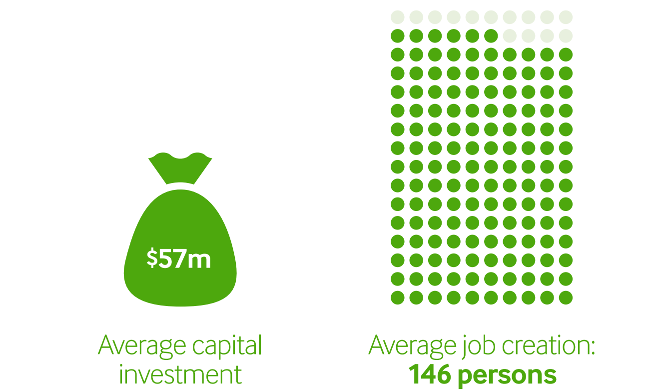
- Fastest growing sub-sector for FDI
- Highly mobile
- Companies are embedded once they invest
- Highly paid jobs
- Increased tax revenues
- Clustering – attracts other data centres
- Spillovers – data-intensive sectors attracted to data centres
- Demand creation
- Green benefits
- Indirect job creation

Graph 1

DATA CENTRE FDI BY PROJECT NUMBERS AND CAPITAL INVESTMENT, 2009-2014



ALL SECTORS FDI 2009-2014



DATA CENTRE FDI 2009-2014

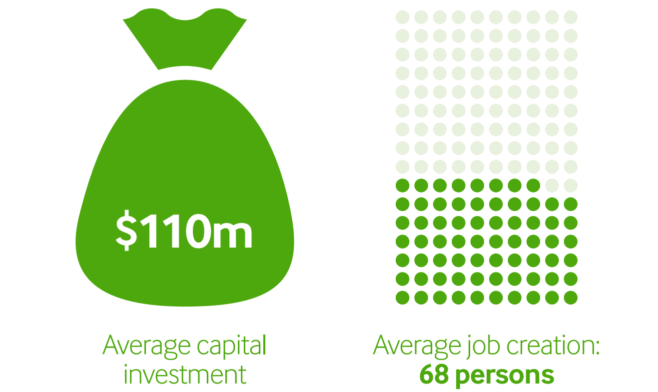


Table 1

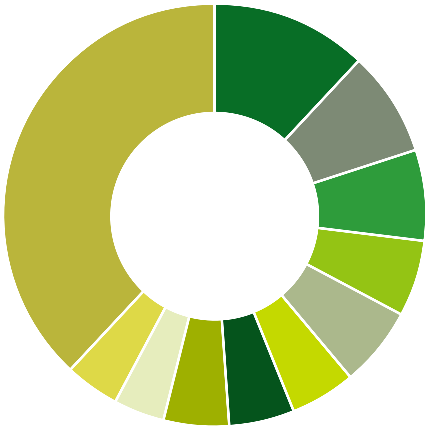
TOP SOURCE COUNTRIES FOR DATA CENTRE FDI BY PROJECTS, 2009-2014

Rank	Country	Projects share (%)
1	US	53.39
2	UK	8.75
3	Japan	7.55
4	Germany	4.27
5	Netherlands	4.27
6	France	3.17
7	Canada	1.97
8	Singapore	1.31
9	China	1.2
10=	Poland	1.2
10=	South Africa	1.2
10=	Switzerland	1.2
	Other	10.5

Source: **fDi** Markets

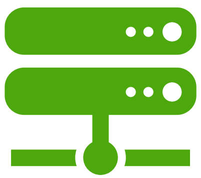
Graph 2

TOP DESTINATION COUNTRIES FOR DATA CENTRE FDI BY PROJECTS, 2009-2014



12%	UK
8%	Australia
7%	Singapore
6%	Germany
6%	US
5%	Netherlands
5%	Hong Kong
5%	China
4%	Brazil
4%	Canada
38%	Other

Source: **fDi** Markets,
Note: includes estimates



The Netherlands has one of the most advanced data centre markets in Europe, housing many data centre service providers, including Google, IBM and Amazon

Case study: Netherlands

The Netherlands has one of the most advanced data centre markets in Europe, housing many data centre service providers, including all the globally recognised carrier-neutral co-location providers. Large multinational firms such as Google, IBM and Amazon all operate their data centres in the Netherlands. One connector company taking advantage of the high-speed, reliable infrastructure in the country, and the ample it offers opportunity to increase capacity, is Equinix.

Equinix connects businesses with partners and customers around the world through a global platform of high-performance data centres. The company was founded in 1998 in Redwood City, California, and now operates in 38 strategic markets across the Americas, Europe, the Middle East, Africa and Asia-Pacific.

Today, the company operates two state-of-the-art international business exchange data centres in Amsterdam, as well as additional facilities in Zwolle and Enschede. "We chose the Netherlands because of its central geographical location, its superb infrastructure, and its business-friendly tax structure," says Michiel Eielts, managing director of Equinix Netherlands. "In addition, the presence of AMS-IX, the largest internet exchange in Europe, makes Amsterdam an important hub for the networks serving the continent. We are known as the gateway of Europe."

Another major reason that Equinix cites regarding its continued expansion in the Netherlands is the development of, and government support for, alternative energy sources and eco-efficiency efforts.

And Equinix's Dutch presence has continued to grow. In June 2011, the company announced its decision to build a third data centre in Amsterdam located in the Amsterdam Science Park, one of the most carrier-dense locations in Europe, adding approximately 1400 cabinet equivalents and housing approximately 2800 cabinet equivalents, or a total of about 6400 square metres of customer floor space.

September 2014 saw the latest large data centre established in the Netherlands, when Google announced a new European data centre in Eemshaven. This will be Google's fourth hyper-efficient facility in Europe.

William Echikson, head of data centre community relations for Europe at Google, says: "Since our investment in our first European data centre back in 2007, we have been on the lookout for supportive communities with the necessary resources to support large data centres. The required ingredients are land, workforce, networking, a choice of power and other utilities including renewable energy supplies.

"It's much more efficient to build a few large facilities than many small ones. Eemshaven enjoys a direct cable connection to two major European internet hubs, London and Amsterdam."

Contributors

Editor
Courtney Fingar

Contributing editor
Dr Henry Loewendahl

Contributors
Christine McMillan
Geraldine Ewing
Glenn Barklie
Hannah Clarke
Jonathan Porter
Simon Curtis
Chris Fraser

For further information, please contact;

courtney.fingar@ft.com
+44 (0) 20 7775 6365
or
fdiintelligence@ft.com
+ 44 (0)207 775 6667

www.fDiIntelligence.com

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London SE1 9HL

About fDi Intelligence

fDi Intelligence is a specialist division of The Financial Times Ltd established to provide industry leading insight into globalisation with a portfolio of world-class products, services and business tools that allow organisations such as investment promotion agencies, companies, services providers and academic institutions to make informed decisions regarding foreign direct investment and associated activities.

Products and services include:
fDi Markets – the only online database tracking crossborder greenfield investment covering all sectors and countries worldwide. It provides real-time monitoring of investment projects, capital investment and job creation with powerful tools to track and profile companies investing overseas.

fDi Benchmark – the only online tool to benchmark the competitiveness of countries and cities in more than 50 sectors. Its comprehensive location data series covers the main cost and quality competitiveness indicators for more than 300 locations around the world.

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About the data

The report is based on the **fDi** Markets database of The Financial Times Ltd, which tracks greenfield investment projects. It does not include mergers and acquisitions or other equity-based or non-equity investments. Only new investment projects and significant expansions of existing projects are included. **fDi** Markets is the most authoritative source of intelligence on real investment in the global economy, and the only source of greenfield investment data that covers all countries and industries worldwide. Retail projects have been excluded from this analysis but are tracked by **fDi** Markets.

The data presented includes FDI projects that have either been announced or opened by a company. The data on capital investment and job creation is based on the investment the company is making at the time of the project announcement or opening. As companies can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency, the data used in this report is different to the official data on FDI flows. The data from **fDi** Markets is more accurate and a real-time indicator of the real investment companies are making in their overseas subsidiaries.

The data shown includes estimates for capital investment and job creation derived from algorithms (patent pending) when a company does not release the information.

Note that the investment projects tracked by **fDi** Markets are being constantly updated and revised based on new intelligence being received and the underlying algorithms are constantly improving their accuracy over time. The data presented in this report may therefore differ slightly from the real-time data available at **www.fdimarkets.com**.

The World Bank, Unctad, the Economist Intelligence Unit and more than 100 governments around the world as well as major corporations use the data as the primary source of intelligence on greenfield investment trends.

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