THE fDi REPORT 2018
Global greenfield investment trends

fDi Intelligence

A publication from the **Financial Times** fDi Markets

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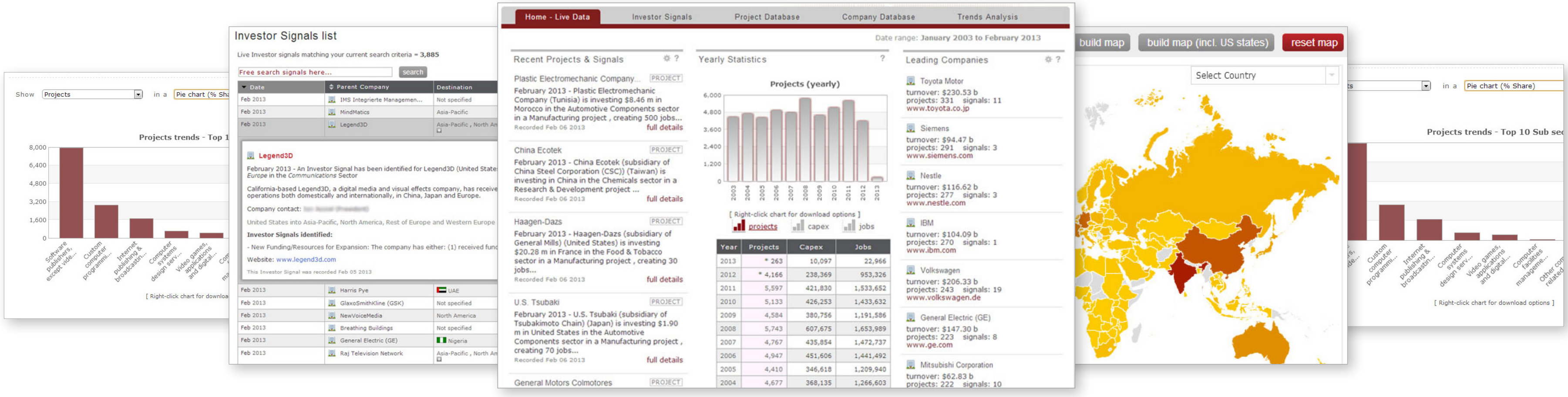

fDi Markets is the most comprehensive service tracking crossborder greenfield investment across all countries and sectors worldwide. This service can be used to:

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Editor's comment

"Capital doesn't play politics" is an idiom that was cited – heckled, actually – at me by a group of US business executives during a recent discussion of potential impacts of the US president's protectionist policies on the US and global economy.

Looking at the FDI statistics from the past year, it is true that countries with governments branded as populist, such as the US and Poland, to name just two, are not putting off investors. Quite the opposite, as Poland is coming off a bumper year for greenfield investment levels and the US remains a global FDI leader. Other countries where politics are fractious and outsiders have raised concerns about rule of law, such as Romania, also had successful FDI years in 2017. Israel, always at the centre of geopolitical tensions, had a record year as far as our **fDi** Markets database reflects.

So, indeed: capital doesn't mind so much about politics or rhetoric. But it does care about policy. The markets reacted fiercely to Donald Trump's launching of an opening salvo in a long-threatened trade war with China through the imposition of steel and aluminium tariffs. Capital markets are, of course, much more volatile and reactive than greenfield FDI, which by its very nature is a longer term, more stable creature. What greenfield investors have seen so far in the way of FDI-related policies from the Trump administration they largely like: tax reforms will only enhance the US's FDI appeal as will red-tape slashing regulatory reforms. To the extent that the US's trade policy becomes unstable or protectionist in a way that does not favour corporate interests (and a trade war most certainly does not), then the knock-on effects on FDI might come. Trade and investment have an incestuous relationship.

This we are seeing most visibly with the UK, which has rebounded somewhat from the dramatic drop in greenfield FDI that was experienced immediately after the referendum to leave the EU in 2016 but nonetheless witnessed a second year of decline after previously being among the world's most reliable FDI performers. Access to markets and the UK's future trade arrangements are top of the list of the uncertainties impacting UK FDI.

Disruptions to the trade status quo helped drag down global greenfield FDI levels in a year that was expected to be a more positive one for FDI, as Dr Henry Loewendahl writes in our Executive Summary on page 2. And continued question marks lingering around major international trade pacts have the potential to hinder an FDI uptick in 2018 as well. Just as 2017 saw a decoupling of the usually solid union between global GDP growth and FDI, the next years will be dominated by the rocky relationship between trade and FDI.

> It is true that countries with governments branded as populist, such as the US and Poland, to name just two, are not putting off investors

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 GDP growth and FDI levels go their own separate ways in 2017

by Dr Henry Loewendahl, CEO, Wavteq

FDI is very closely correlated to GDP, with market-seeking motives the key driver for global investment. Previous editions of The fDi Report have demonstrated this correlation, for example by showing how rapid GDP growth in India has been accompanied by record levels of FDI flowing into the country. We would therefore expect strong world economic growth in 2017 to have been reflected in a growth of FDI. This did not happen.

According to data from Unctad, official FDI flows declined by 16% in 2017 to an estimated $1520bn, pulled down by a 23% decline in M&A. fDi Intelligence data on greenfield FDI, as presented in this report, showed a similar decline of 15.2% in capital investment and an accompanying 9.4% decline in global job creation from FDI.

Why did global FDI decline in 2017 just as world economic growth picked up? One explanation is that foreign investors did not expect world growth to be as strong as the 3.7% achieved in 2017, with some countries, such as Turkey, smashing expectations by achieving 7%-plus growth. Foreign investors also held back on FDI plans in the UK due to Brexit, with a 4.5% decline in greenfield capital investment in the UK in 2017 following on from a 38.1% decline in 2016. Political uncertainty over global trade, not only with Brexit but also with the US pulling out of the Trans-Pacific Partnership (TPP), renegotiating the North American Free Trade Agreement (Nafta), and taking a generally hawkish view on global trade, has also created significant uncertainty for location decisions – especially in export-oriented industries that are dependent on free-market access. The other big factor in the decline of FDI in 2017 was Chinese FDI policy, with the reimposition of controls on overseas FDI which curtailed FDI in certain targeted sectors.

The breaking of correlation between GDP and FDI creates considerable uncertainty as to the prospects for FDI in 2018. World economic growth is forecast to accelerate to 4% growth in 2018, which should drive up global FDI volumes, especially after the decline of FDI in 2017. The dramatic cut in US corporate income tax should also spur FDI as companies have more firepower to make investments and the US becomes more attractive for FDI.

Forecasts

Crossborder M&A will accelerate rapidly in 2018, while uncertainty over trade policy will hinder growth in greenfield FDI.

However, global trade policy is the big uncertainty. The outcome of Brexit and Nafta negotiations are still unknown. The US is implementing tariffs to protect strategic industries from what it deems as unfair competition. The impact on FDI into the US (and other Nafta countries, assuming the agreement holds) is likely to be positive as FDI becomes more attractive relative to exports, while the impact on FDI to countries exporting to the US and being hit by tariffs is likely to be negative. At the same time, the EU-Canada Comprehensive Economic and Trade Agreement is likely to increase EU-Canada FDI flows while TPP is likely to increase intra-Pacific FDI, although in both cases the impact may take several years to filter through.

With strong world economic growth prospects, burgeoning corporate coffers and rapid technological change, its seems very likely that crossborder M&A will accelerate rapidly in 2018, while uncertainty over trade policy will hinder growth in greenfield FDI. We therefore expect that overall FDI flows will grow strongly in 2018, driven by M&A, while greenfield FDI moves into positive but slow growth.

The big numbers

Headline FDI flows declined by

16%

in 2017 to an estimated

$1520bn

pulled down by a

23%

decline in M&A

Greenfield FDI showed a decline of

15.2%

in capital investment and

9.4%

in job creation from FDI

UK FDI saw a

4.5%

decline in greenfield capital investment in 2017

> Foreign investors did not expect world growth to be as strong as the 3.7% achieved in 2017

Global overview

In 2017, greenfield FDI weakened with the number of FDI projects declining by 1.1% to 13,200. Capital investment decreased 15.2% to $662.6bn alongside a 9.4% decline in job creation to 1.83 million.

India was replaced by the US as the highest ranked country for FDI by capital investment, with $87.4bn recorded, boosted by major announcements from Foxconn and Saudi Basic Industries to invest billions in single plants. The US was also the highest ranked country for FDI by number of projects, recording 1627 announcements.

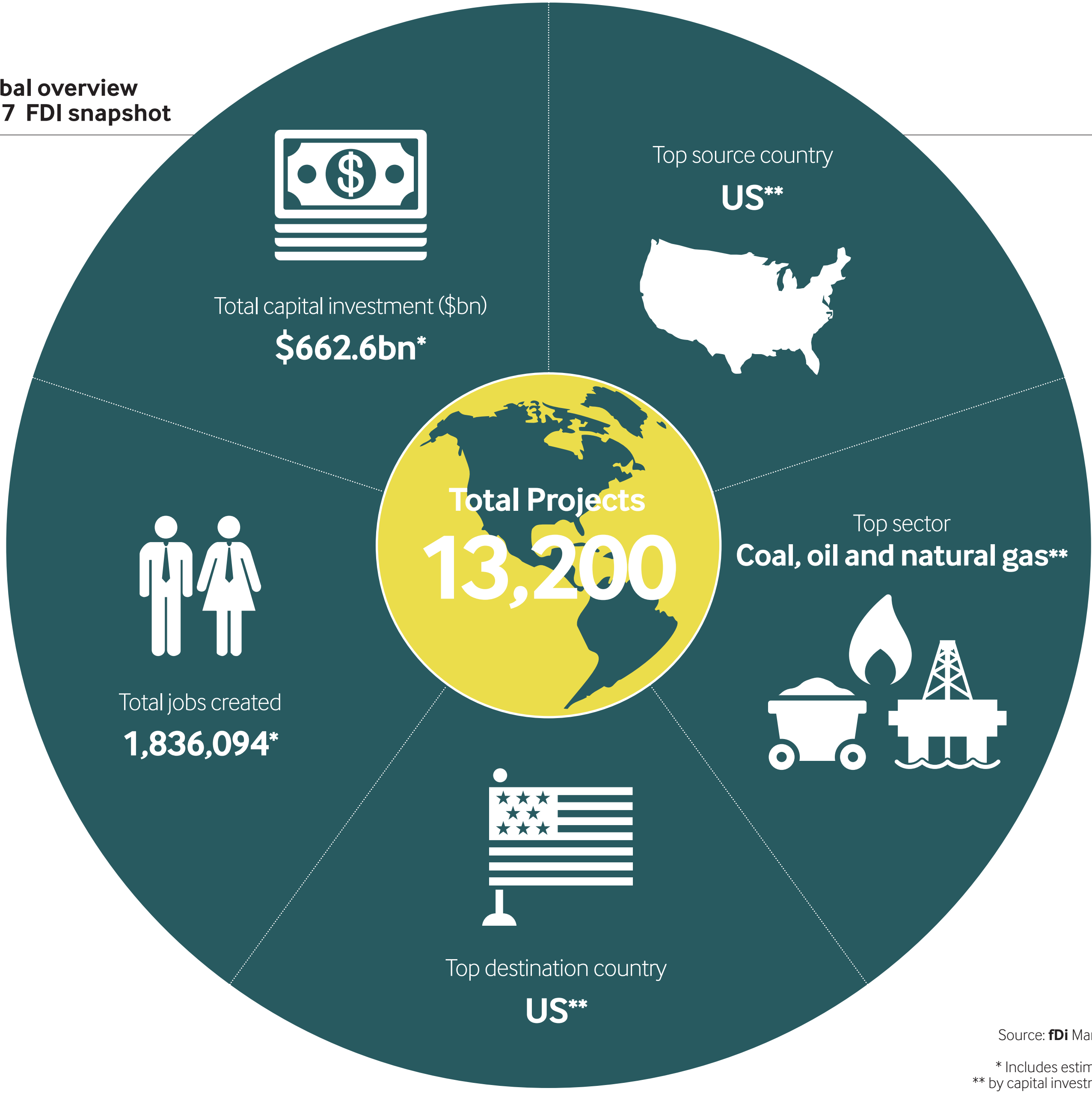
Western Europe was the leading destination region for FDI in 2017 by number of projects, with 4208 announcements. However, Asia-Pacific received the largest amount of capital investment in 2017, with $196.6bn-worth of FDI recorded.

Western Europe was the leading source region for FDI in 2017, with 6270 FDI projects recorded. This accounted for 47.5% of all FDI globally and $237.8bn in capital investment.

Key trends in 2017 include:

- The US reclaimed its top spot from India, recording $87.4bn of announced FDI in 2017.
- FDI into western Europe increased 4% by number of projects and 13% by capital investment.
- FDI into the UK declined across all three indicators: project numbers (-10%), capital investment (-5%) and jobs created (-11%).
- China regained its FDI crown in Asia-Pacific, accounting for 26% of capital investment in the region.
- Poland continued to rise as a key destination for FDI, with the number of FDI projects increasing 24% and capital investment increasing 49%.

Global overview
2017 FDI snapshot



Source: fDi Markets

* Includes estimates
** by capital investment

Asia-Pacific

Key trends in 2017 include:

- FDI into Asia-Pacific decreased 11% in 2017 with 3514 projects announced. Capital investment and jobs created declined 44% and 30%, respectively.
- China emerged as the top destination for FDI in Asia-Pacific with a total of 681 projects in 2017, gaining an overall market share of 19%.
- China is the market leader for FDI by capital investment in Asia-Pacific with a total of $50.8bn of announced investment.
- India dropped to second place with a total of 637 projects in 2017. However, the country topped the table for job creation in 2017, with 161,445 jobs announced.
- Singapore saw a significant rise in the amount of capital investment received, with an increase of 36% from $11.3bn in 2016 to $15.4bn in 2017.
- Capital investment into Hong Kong increased by 9% to $5.8bn.
- Australia ranked fourth for FDI by number of projects, witnessing a 6% growth.
- China retained its top position as the largest source of outward capital investment in Asia-Pacific with $53.2bn in outward investment. Japan ranked a close second, with outward investment measuring $47bn.
- Japan generated the highest number of outward projects, totalling 760, followed by China in second place with a total of 591.

Graph 1

FDI INTO ASIA-PACIFIC IN 2017

Capital investment

Asia market share %		Capital investment ($bn) 2017
26%	China	50.8
13%	India	25.1
10%	Vietnam	20.3
8%	Singapore	15.4
8%	Australia	15.3
5%	Indonesia	9.6
4%	Kazakhstan	7.0
3%	Malaysia	5.8
3%	Hong Kong	5.8
3%	Japan	5.6
18%	Other	36.0

Source: **fDi** Markets
Note: Includes estimates

Table 1

FDI INTO ASIA-PACIFIC BY PROJECT NUMBERS IN 2017

Country	Projects 2017	% change
China	681	-4%
India	637	-21%
Singapore	354	3%
Australia	332	6%
Vietnam	219	-17%
Japan	202	16%
Hong Kong	161	-2%
Malaysia	122	-31%
Philippines	113	-28%
Indonesia	112	0%
Other	581	-19%
Total	3514	-11%

Source: **fDi** Markets Note: Percentages rounded up/down

$53.2bn

China retained its top position as the largest source of outward capital investment in Asia-Pacific with $53.2bn outward investment. Japan ranked a close second, with outward investment measuring $47bn

Table 2

FDI OUT OF ASIA-PACIFIC BY CAPITAL INVESTMENT ($BN) IN 2017

Country	Capital investment 2017 ($bn)
China	53.2
Japan	47.0
South Korea	27.6
Taiwan	16.6
Singapore	14.8
Hong Kong	11.7
India	9.4
Australia	7.0
Malaysia	4.6
Azerbaijan	3.7
Other	7.5
Total	203.1

Source: **fDi** Markets
Note: Includes estimates

Table 3

FDI OUT OF ASIA-PACIFIC BY PROJECT NUMBERS IN 2017

Country	Projects 2017
Japan	760
China	591
India	262
Australia	224
South Korea	200
Singapore	178
Hong Kong	148
Taiwan	93
Malaysia	52
Thailand	43
Other	120
Total	2671

Source: **fDi** Markets

"Japan generated the highest number of outward projects in the Asia-Pacific region, totalling 760, followed by China in second place with a total of 591

KEY TRENDS IN 2017

19%

China emerged as the top destination for FDI in Asia-Pacific with a total of 681 projects in 2017, gaining an overall market share of 19%

FDI into Asia-Pacific decreased by 11% with 3514 projects announced. Capital investment and jobs created declined 44% and 30%, respectively

11%

36%

Singapore saw a significant rise in the amount of capital investment received, with an increase of 36% from $11.3bn in 2016 to $15.4bn in 2017

Recent major projects

- **Samsung Semiconductor, which manufactures semiconductors and is a subsidiary of South Korea-based Samsung,** will invest $7bn to expand its chip production capacity at its plant in Xi'an, China. The plant will produce advanced flash memory chips.
- **Tianjin Bohua Petrochemical, a subsidiary of China-based Tianjin Bohai Chemical Industry Group**, is to invest $4bn to construct a new factory in the Aqtobe region of Kazakhstan. It will have a production capacity of 1.8 million tonnes of methanol from natural gas and is set to become operational in 2020.
- **Japan-based Sumitomo Group, a multi-national trading company**, is to invest $2.58bn to develop a coal-fired thermal power plant in Van Phong Economic Zone, Ninh Hoa, Vietnam. Construction on the plant is set to begin later in 2018 and will have an output of 1320 megawatts.
- **Samsung Display, which operates as a subsidiary of South Korea-based Samsung,** is to invest a further $2.5bn to expand its production facility in Bac Ninh, Vietnam.

Europe

Key trends in 2017 include:

- FDI into Europe increased by 14% in 2017, with a total inward capital investment of $183.9bn. Project numbers increased by 5% and jobs created increased 12% to 578,638.

- The total number of FDI projects into western Europe increased by 4%, while capital investment grew by 13%, from $106.2bn in 2016 to $120.2bn in 2017.

- FDI into Emerging Europe increased across project numbers (8%) and capital investment (17%), yet retained only 25% of total market share for projects.

- Although the UK topped the tables for FDI in 2017, it experienced a 10% decline in project numbers from 1042 in 2016 to 939 in 2017. Capital investment into the country also fell by 5%, from $34.8bn in 2016 to $33.2bn in 2017.

- FDI projects into Luxembourg grew from 19 in 2016 to 42 in 2017, a growth rate of 121%.

- The number of FDI projects into Poland increased 24% to 338, ranking it fifth as a destination market for FDI into Europe. The country ranked top for FDI by job creation in 2017 with an increase of 53%.

- In 2017, Lithuania welcomed 61 new investment projects, a 27% increase from the previous year.

- Total FDI into Romania rose by 40% in 2017, an increase of 44 projects from the previous year.

Graph 1

FDI INTO EUROPE IN 2017

Capital investment

Europe market share %		Capital investment ($bn) 2017
18%	UK	**33.2**
9%	Russia	**15.9**
8%	Poland	**14.8**
8%	Spain	**13.9**
7%	Germany	**13.7**
7%	France	**13.4**
7%	Netherlands	**12.8**
4%	Turkey	**7.8**
4%	Ireland	**7.8**
3%	Romania	**5.8**
24%	Other	**44.9**

Source: **fDi** Markets
Note: Includes estimates

Table 1

FDI INTO EUROPE BY PROJECT NUMBERS 2017

Country	Projects 2017	% change
UK	939	-10%
Germany	766	-24%
France	696	48%
Spain	385	19%
Poland	338	24%
Netherlands	261	26%
Russia	203	2%
Ireland	199	6%
Belgium	165	19%
Romania	155	40%
Other	1502	8%
Total	5609	5%

Source: **fDi** Markets Note: Percentages rounded up/down

339%

Russia ranked second in terms of outbound capital investment, a significant 339% increase from 2016, climbing six places in the tables and pushing the UK down to third place

Table 2

FDI OUT OF EUROPE BY CAPITAL INVESTMENT ($BN) IN 2017

Country	Capital investment 2017 ($bn)
Germany	53.9
Russia	37.4
UK	32.3
France	23.7
Italy	20.7
Netherlands	17.5
Spain	17.1
Switzerland	16.1
Luxembourg	10.7
Finland	9.0
Other	48.1
Total	286.5

Source: **fDi** Markets
Note: Includes estimates

Table 3

FDI OUT OF EUROPE BY PROJECT NUMBERS IN 2017

Country	Projects 2017
Germany	1353
UK	1262
France	712
Switzerland	515
Netherlands	393
Spain	357
Sweden	289
Italy	251
Luxembourg	212
Denmark	171
Other	1172
Total	6687

Source: **fDi** Markets

> FDI into Emerging Europe increased across project numbers (8%) and capital investment (17%), yet retained only 25% of total market share for projects

Editor's note: Our German data sources have not released all 2017 data yet so 2017 data for Germany in this report is underestimated.

KEY TRENDS IN 2017

121%

FDI projects into Luxembourg grew from 19 in 2016 to 42 in 2017, a growth rate of 121%. Meanwhile capital investment into the country increased by 506%

Although the UK topped the tables for FDI in 2017, it experienced a 10% decline in project numbers from 1042 in 2016 to 939 in 2017. Capital investment into the country also fell by 5%, from $34.8bn in 2016 to $33.2bn in 2017

10%

200%

Estonia strengthened as a source market, seeing a 200% increase in the total number of outward projects from eight to 24

Recent major projects

- **US-based online retail giant Amazon** is to establish a new 150,000-square-metre logistics centre near Oelde, Germany. The company plans to invest $236m on the construction of the facility, which is scheduled to be completed by 2019 and will employ about 2000 people. Additionally, Amazon plans to expand elsewhere in Germany, with locations in Winsen, Werne and Frankenthal.
- **Hard Rock International, a subsidiary of the US-based Seminole Tribe of Florida,** is to invest $2bn to develop a 745,080-square-metre resort in Vila-seca and Salou in Spain by 2022. The minimum investment of phase one is $687.8m, and it is estimated that it will create more than 11,500 direct and indirect construction and ongoing jobs.
- **China-based Beijing WKW Automotive Parts,** which manufactures and sells passenger car interior and exterior trim systems, plans to set up a manufacturing plant in Rothenburg, Germany. The company will invest $1.27bn and manufacture electric cars for the European market. The new company will be called Delon Automotive.

In focus: the impact of Brexit on FDI in the UK

The UK referendum on June 23, 2016, and subsequent decision to leave the EU has created uncertainty within the investment world. Foreign investors are becoming hesitant to invest due to the uncertainty around what will happen to the UK economy and trading platforms once the country exits the EU.

The announcement of the referendum in early 2016 triggered a year of doubt, with **fDi** Markets data showing FDI projects into the UK declined 8.5% to 1042 in 2016. Capital investment declined 38.1% alongside a 16.6% decline in jobs created. The trend has continued in 2017, with the number of FDI projects falling 9.9% to 939, while capital investment declined 4.5% to $33.2bn and job creation also fell 10.9% to 60,585.

While the UK maintained its position as the top destination for FDI in Europe, neighbouring countries are beginning to reap the benefits of Brexit uncertainty, with FDI into some of the main western European economies on the rise. The number of inward FDI projects increased in Luxembourg (121%), France (48%), Netherlands (24%), Belgium (19%), Spain (19%) and Ireland (6%).

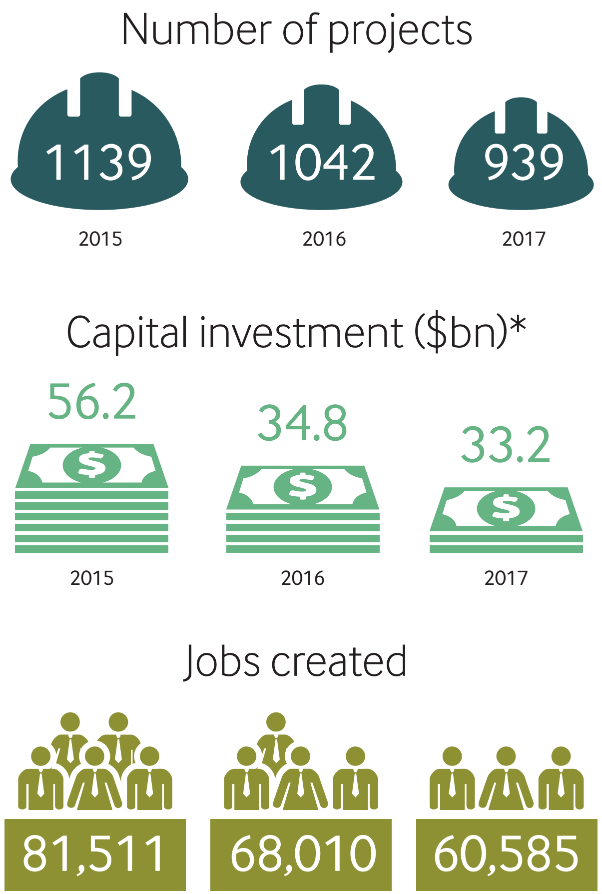
FDI in the service seeking business activities, including business services, support centres, headquarters as well as sales marketing and support, all witnessed a decline in the UK, while neighbouring countries are witnessing growth. This highlights some reticence on the part of investors to set up or expand in the UK while the country is in a state of limbo. The number of sales offices being set up in Ireland in 2017 increased by 78.6% to 50. Luxembourg also increased its share of FDI across the services sectors, with headquarters, sales marketing and support, and business services operations all experiencing growth.

fDi Markets tracked 16 relocation projects from the UK in 2016 and 15 relocations in 2017. Examples included Singapore-based WB21, which provides real-time account opening for private and business clients, announcing plans to relocate its European headquarters from London to Berlin as a result of the Brexit vote. Japan-based Nomura Holdings, a global investment bank, plans to relocate from London and open a new European headquarters in Frankfurt, and UK-based Smart Lenders Asset Management has relocated its operations to Paris because of the difficulties it may encounter following Brexit.

Overall data from **fDi** Markets shows western Europe-based companies are some of the most hesitant to invest, with FDI into the UK down 16.3% from the region. FDI from Ireland into the UK declined 45.5% in 2017 by number of projects. Capital investment and job creation subsequently declined 56.2% and 54.9%, respectively. FDI from Ireland into Northern Ireland almost halved from 13 projects in 2016 to seven projects in 2017, with the border between Northern Ireland and Ireland continuing to be a highly contentious topic amid Brexit negotiations.

fDi Markets' overall data shows a decline in FDI in the UK in 2016 and 2017. While this trend looks set to continue, not all companies are apprehensive about the future of the UK, with Amazon, Google and Facebook all announcing plans to expand in the country. Until an agreement is reached, it is difficult to predict the impact Brexit will have on inward investment into the UK. However, as the wave of uncertainty continues, key investors will likely remain hesitant and will look to safeguard their businesses and implement their contingency plans elsewhere.

UK STATS



Note: Includes estimates

Table1

SERVICES FDI INTO WESTERN EUROPE BY PROJECT NUMBERS IN 2017

	Business services		Contact/support centres		Headquarters		Sales, marketing and support	
	2017	% change	2017	% change	2017	% change	2017	% change
UK	212	-9.4%	15	-34.8%	94	-12.1%	288	-8.0%
Germany	177	-5.9%	7	250.0%	33	-23.3%	355	-27.8%
France	183	117.9%	4	-55.6%	40	29.0%	212	54.7%
Spain	63	18.9%	3	0.0%	34	21.4%	91	-7.1%
Netherlands	61	69.4%	1	-66.7%	33	3.1%	74	25.4%
Ireland	52	10.6%	6	-45.5%	29	-9.4%	50	78.6%
Denmark	28	27.3%	1	N/A	5	-50.0%	56	93.1%
Finland	32	68.4%	1	0.0%	6	0.0%	50	25.0%
Switzerland	42	7.7%	1	0.0%	9	-18.2%	36	5.9%
Italy	34	88.9%	0	N/A	3	-40.0%	43	10.3%
Belgium	18	28.6%	0	N/A	4	-33.3%	42	23.5%
Sweden	17	0.0%	0	N/A	2	0.0%	24	33.3%
Luxembourg	12	71.4%	0	N/A	7	600.0%	15	200.0%
Other	46	N/A	3	N/A	8	N/A	47	N/A
Total	977	21.4%	42	-28.8%	307	-5.0%	1383	0.9%

Source: **fDi** Markets

Table 2

FDI INTO THE UK

	2015	2016	2017
Number of projects	1139	1042	939
% change		-8.5%	-9.9%
Capital investment ($bn)*	56.2	34.8	33.2
% change		-38.1%	-4.5%
Jobs created	81,511	68,010	60,585
% change		-16.6%	-10.9%

Source: **fDi** Markets
*includes estimates

> While the UK maintained its position as the top destination for FDI in Europe, neighbouring countries are beginning to reap the benefits of Brexit uncertainty

North America

Key trends in 2017 include:

• FDI into North America increased by 76% in 2017, with total capital investment of $100.3bn. Projects numbers increased by 3% to 1884 FDI projects and jobs created increased by 36%.

• The US remained the top destination in the region, attracting 86% of the continent's FDI projects and 87% of capital invested. This is an increase on 2016's market share of 85%.

• Ontario remained the top Canadian province for FDI in 2017, with 6% market share of North American FDI projects. However, the province attracted 18% fewer projects in 2017, with 114 recorded.

• California and New York remained the top two destination states in 2017 for FDI project numbers. Together, the two destinations accounted for 23% of FDI project numbers in North America during 2017.

• Capital investment into Texas and Wisconsin both increased dramatically in 2017, with the duo occupying the top two locations in North America. Texas attracted $18.4bn-worth of investment, an increase of 320% on 2016. This can be attributed in part to the announcement of Saudi Basic Industries' $10bn petrochemical plant in Portland, Texas.

• Wisconsin attracted $12.3bn-worth of FDI in 2017, a huge increase from the $87.6m recorded in 2016. This is almost entirely due to the announcement of a $10bn LCD panel facility by Foxconn. The state also saw an increase of 63% in project numbers from eight to 13.

Graph 1

FDI INTO NORTH AMERICA ($BN) IN 2017

Capital investment

North America market share %		Capital investment ($bn) 2017
18%	Texas	**18.4**
10%	Wisconsin	**10.3**
7%	Ontario	**6.9**
6%	New York	**6.3**
5%	California	**4.9**
3%	North Carolina	**3.3**
3%	South Carolina	**3.3**
3%	Tennessee	**3.2**
3%	Quebec	**2.9**
2%	Michigan	**2.5**
38%	Other	**38.4**

Source: **fDi** Markets
Note: Includes estimates

Table 1

FDI INTO NORTH AMERICA BY PROJECT NUMBERS IN 2017

State/Province	Projects 2017	% change
California	250	1%
New York	180	-3%
Texas	141	4%
Ontario	114	-18%
Michigan	70	-8%
Massachusetts	69	-10%
Florida	67	-18%
Georgia	64	0%
North Carolina	62	17%
Quebec	58	18%
Other	809	12%
Total	1884	3%

Source: **fDi** Markets Note: Percentages rounded up/down

86%

The US remained the top destination in the region, attracting 86% of the continent's FDI projects and 87% of capital invested. This is an increase on 2016's market share of 85%

Table 2

FDI OUT OF NORTH AMERICA BY CAPITAL INVESTMENT ($BN) IN 2017

State/Province	Capital investment 2017 ($bn)
California	29.4
New York	14.9
Texas	9.2
Washington	8.5
Michigan	6.8
Ontario	5.6
Massachusetts	5.2
Georgia	4.1
Florida	4.0
Maryland	3.4
Other	32.3
Total	123.2

Source: **fDi** Markets
Note: Includes estimates

Table 3

FDI OUT OF NORTH AMERICA BY PROJECT NUMBERS IN 2017

State/Province	Projects 2017
California	676
New York	423
Washington	165
Massachusetts	162
Texas	153
Illinois	146
Ontario	143
Quebec	105
Florida	101
New Jersey	98
Other	957
Total	3129

Source: **fDi** Markets

> Capital investment into Texas and Wisconsin both increased dramatically in 2017

KEY TRENDS IN 2017

76%

FDI into North America increased by 76% in 2017, with total capital investment of $100.3bn. Projects numbers increased by 3% to 1884 FDI projects and jobs created increased by 36%

Ontario remained the top Canadian province for FDI in 2017, with 6% market share of North American FDI projects. However, the province attracted 18% fewer projects in 2017, with 114 recorded

18%

23%

California and New York remained the top two destination states in 2017 for FDI project numbers. Together, the two destinations accounted for 23% of FDI project numbers in North America during 2017

Recent major projects

- **Foxconn, a computer parts manufacturer and a subsidiary of Taiwan-based Hon Hai Precision Industry,** plans to build a new facility for producing LCD panels in Racine County, Wisconsin. The company will invest $10bn towards the plant up until 2020. The 1860-square-metre facility will initially create 3000 jobs. The LCD panels produced at the plant are initially being manufactured for TV maker Sharp.
- **Saudi Arabia-based Saudi Basic Industries, a manufacturer of chemical, agri-nutrient and metal products,** plans to establish a joint venture petrochemical plant in Portland, Texas, US with local company Exxon Mobil. The $10bn facility will be located on 525 hectares of land and is scheduled to commence operations in 2024. Employing 600 staff, it will produce components used to make polyester, anti-freeze, plastic bottles and other items. The company received support from local authorities including $1.2bn in tax incentives, a $210m package from San Patricio County commissioners and $6m in state tax breaks.

A year of Trump: the FDI impact

One year into Donald Trump's tumultuous presidency, despite a lack of much significant domestic or foreign legislation, Mr Trump has nevertheless managed to rock the boat across North America. Between tweetstorms and off-the-cuff remarks, much of Mr Trump's influence has been varied but typically, it has irked the US's closest allies: Canada and Mexico.

Since January 2017, duties have been applied on Canadian softwood lumber, and a 300% duty on Bombardier's C-Series aircraft has soured relations between the US and Canada significantly. Most recently, the decision to impose a 25% tariff on steel imports and a 10% tariff on aluminium has caused issues not just with Canada, but also with the EU. While Mr Trump often attacks China and its steel-dumping practice, the top countries importing steel to the US are actually major allies – Canada, the EU and South Korea – meaning this tax would raise the costs for domestic production of various products, raising prices for consumers and increasing production costs.

Despite these tariffs and Mr Trump's history of nationalist rhetoric, the value of foreign investments for each of the North American Free Trade Agreement countries rose a collective 52.3% in 2017 to $126.7bn, and the total number of projects was up 3.3%. This collective boost in capital investment is owed to some flagship projects such as Foxconn's new site in Wisconsin, and Constellation Brands new brewery in Mexico. The number of manufacturing projects across North America increased by 12.5% to a value of $71.35bn, with the US and Canada showing the greatest increase on 2016's capital expenditure with growth rates of 193.4% and 186.5%, respectively.

While Mexico saw an overall growth in the number of projects and negligible growth in capital investment, the number of manufacturing projects into Mexico dropped by 2.8% and the value of these projects dropped 14.5% to $11.2bn. Perhaps foreign investors are sceptical about future prospects for serving the US markets from Mexico; however, the US remained the top investor in the country. Spain and China both doubled the number of investments in Mexico in 2017 while Japan, in solidarity with Mr Trump, has shifted to invest more in the US and much less in Mexico and Canada.

Trump delivers with his voters

The number of projects across US state lines in 2017 dropped by 7%. However, the value of such investments remained relatively stable, dropping only slightly to $87.92bn. The top destinations for projects across all sectors and business activities were Texas (top for project numbers and capital expenditure), Florida and Kentucky, which attracted a combined $18.4bn in interstate capital expenditure.

When looking at interstate manufacturing investments, US companies investing across state lines in 2017 have tended to do so in states won by Mr Trump in the 2016 election. The top three states by capital investment all showed significant growth in 2017. Kentucky (430.42%), Texas (34.98%), and Florida (930.4%) not only had growth in common; each of the states voted for Mr Trump. In fact, nine of the top 10 states for interstate capital expenditure in manufacturing projects voted for Mr Trump and seven of these nine have seen an increase in the number of such projects since he was inaugurated.

The source of interstate projects in 2017 is more evenly shared between red states and blue states, where California leads by a significant margin in creating manufacturing jobs across the US. While the swing states of Michigan and Pennsylvania were won by Mr Trump, and rank among the top source states, they both showed a decline in outward projects.

Table 1

FDI INTO NORTH AMERICA BY PROJECT NUMBERS IN 2017

Country	2016	2017	% change	% market share
Canada	254	257	1.2%	11.0%
Mexico	428	449	4.9%	19.2%
US	1576	1627	3.2%	69.7%
Total	2258	2333	3.3%	100.0%

Source: **fDi** Markets

Table 2

FDI INTO NORTH AMERICA BY CAPITAL EXPENDITURE IN 2017 ($BN)

Country	2016	2017	% change	% market share
Canada	8.80	12.78	45.3%	10.1%
Mexico	26.22	26.43	0.8%	20.9%
US	48.17	87.48	81.6%	69.0%
Total	83.18	126.70	52.3%	100.0%

Source: **fDi** Markets

Table 3

TOP 10 DESTINATION STATES FOR INTERSTATE PROJECTS IN 2017 BY CAPITAL EXPENDITURE ($BN)

Rank	Destination state	% change	2017
1	Texas	7.82	8.69
2	Florida	3.96	5.04
3	Kentucky	1.02	4.67
4	Ohio	4.49	4.54
5	California	4.98	4.45
6	Virginia	2.24	4.22
7	New York	2.06	3.32
8	Georgia	2.81	2.99
9	South Carolina	1.68	2.78
10	North Carolina	3.88	2.64
	Other	54.18	44.60
	Total	89.13	87.92

Source: fDi Markets

Table 4

TOP 10 DESTINATION STATES FOR INTERSTATE PROJECTS IN 2017 BY PROJECT NUMBERS

Rank	Destination state	% change	2017
1	Texas	256	288
2	Florida	252	212
3	California	222	210
4	North Carolina	122	132
5	New York	156	131
6	Ohio	109	120
7	Georgia	135	115
8	Illinois	126	100
9	Pennsylvania	118	95
10	Tennessee	87	92
	Other	1503	1374
	Total	3086	2869

Source: fDi Markets

Table 5

TOP 10 DESTINATION STATES IN MANUFACTURING PROJECTS IN 2017 BY CAPITAL EXPENDITURE

Rank	Destination state	% change	2017	Won by
1	Kentucky	0.43	2.27	Trump
2	Texas	1.52	2.05	Trump
3	Florida	0.15	1.51	Trump
4	Oklahoma	0.07	1.32	Trump
5	South Carolina	0.51	1.26	Trump
6	North Carolina	0.48	1.25	Trump
7	Alabama	0.22	1.14	Trump
8	Tennessee	1.35	1.07	Trump
9	New York	0.47	1.05	Clinton
10	Ohio	1.81	1.00	Trump
	Other	20.13	8.87	N/A
	Total	27.13	22.78	N/A

Source: fDi Markets

Table 6

TOP 10 SOURCE STATES IN MANUFACTURING PROJECTS IN 2017 BY CAPITAL EXPENDITURE

Rank	Source state	% change	2017	Won by
1	California	2.80	2.80	Clinton
2	Kansas	0.11	2.04	Trump
3	Delaware	0.33	1.47	Clinton
4	Massachusetts	0.47	1.45	Clinton
5	New York	0.96	1.30	Clinton
6	Pennsylvania	1.51	1.28	Trump
7	Maryland	0.09	1.16	Clinton
8	Michigan	3.16	1.16	Trump
9	Arkansas	0.24	1.13	Trump
10	Wisconsin	0.22	1.12	Trump
	Other	-37.03	-37.69	N/A
	Total	27.13	22.78	N/A

Source: fDi Markets

NUMBER 1 RANKED DESTINATIONS 2017

$8.69bn

Texas

Top destination state for interstate projects in 2017 by capital expenditure

288

Texas

Top destination state for interstate projects in 2017

$2.27bn

Kentucky

Top destination state for manufacturing projects in 2017

$2.8bn

California

Top source state for manufacturing projects in 2017

Latin America and the Caribbean

Key trends in 2017 include:

• FDI into Latin America and the Caribbean fell in 2017, with a 2% decrease in project numbers to 1051 and a decline in capital investment of 6% to $67.3bn. Jobs also witnessed a decline of 8%.

• In 2017, Mexico remained the top investment destination in the region. It witnessed an increase in FDI across project numbers (5%) and capital investment (1%).

• Brazil experienced a 1% and 15% decline in project numbers and capital investment, respectively, holding market shares of 17% and 15%. Despite this, it still ranked second for FDI in the region.

• Peru saw a capital investment increase of 82% in 2017, securing its third place in Latin America and the Caribbean.

• Uruguay experienced a huge increase in its capital investment, rising to $4.6bn, which is mostly attributable to UPM-Kymmene's plans to build a $4bn cellulose plant.

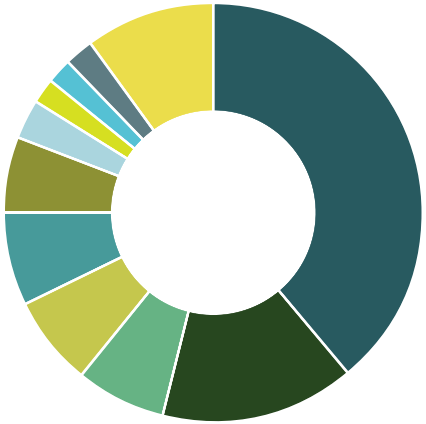
• FDI projects out of the region increased by 2%, however outward capital investment in 2017 decreased by 5% to $8.6bn.

• The top three source countries for FDI by number of projects in Latin America and the Caribbean in 2017 were Mexico, Brazil and Chile. Combined, the three countries held a market share of 60%.

Graph 1

FDI INTO LATIN AMERICA AND THE CARIBBEAN ($BN) IN 2017

Capital investment



Latin America market share %		Capital investment ($bn) 2017
39%	Mexico	**26.4**
15%	Brazil	**10.3**
7%	Peru	**4.7**
7%	Uruguay	**4.6**
7%	Argentina	**4.5**
6%	Chile	**4.2**
3%	Colombia	**2.1**
2%	Panama	**1.4**
2%	Costa Rica	**1.3**
2%	Ecuador	**1.1**
10%	Other	**6.6**

Source: **fDi** Markets
Note: Includes estimates

Table 1

FDI INTO LATIN AMERICA AND THE CARIBBEAN BY PROJECT NUMBERS IN 2017

Country	Projects 2017	% change
Mexico	449	5%
Brazil	178	-1%
Colombia	73	-6%
Argentina	57	-46%
Chile	53	0%
Costa Rica	49	-4%
Peru	44	0%
Panama	21	24%
Cuba	16	23%
Dominican Republic	16	14%
Other	95	7%
Total	1051	-2%

Source: **fDi** Markets
Note: Percentages rounded up/down

5%

In 2017, Mexico remained the top investment destination in the region. It witnessed an increase in FDI across project numbers (5%) and capital investment (1%)

Table 2

FDI OUT OF LATIN AMERICA AND THE CARIBBEAN BY CAPITAL INVESTMENT ($BN) IN 2017

Country	Capital investment 2017 ($bn)
Mexico	2.7
Brazil	1.8
Bahamas	1.1
Chile	1.0
Colombia	0.7
Bermuda	0.5
Panama	0.1
Argentina	0.1
Cayman Islands	0.1
Paraguay	0.1
Other	0.4
Total	8.6

Source: **fDi** Markets
Note: Includes estimates

Table 3

FDI OUT OF LATIN AMERICA AND THE CARIBBEAN BY PROJECT NUMBERS IN 2017

Country	Projects 2017
Mexico	50
Brazil	47
Chile	20
Bermuda	15
Argentina	12
Colombia	12
Cayman Islands	7
Panama	6
Bahamas	5
Peru	4
Other	18
Total	196

Source: **fDi** Markets

> FDI projects out of the region increased by 2%, however outward capital investment in 2017 decreased by 5% to $8.6bn

KEY TRENDS IN 2017

82%

Peru saw a capital investment increase of 82% in 2017, securing its third place in Latin America and the Caribbean

FDI into Latin America and the Caribbean fell in 2017, with a 2% decrease in project numbers to 1051 and a decline in capital investment of 6% to $67.28bn. Jobs also witnessed a decline of 8%

2%

$4.6bn

Uruguay experienced a huge increase in its capital investment, rising to $4.6bn, which is mostly attributable to UPM-Kymmene's plans to build a $4bn cellulose plant

Recent major projects

- **Finland-based printing and writing paper company UPM-Kymmene** is to invest $4bn to establish a new cellulose plant in Durazno, Uruguay. The company's third plant in the country will have a production capacity of up to 2.4 million tonnes of pulp a year.
- **Ternium, an iron and steel company and a subsidiary of Italy-based Techint**, is to invest $1.1bn to install a new hot rolling mill at its industrial centre in Pesquería, Mexico, by the second half of 2020. The facility will have an annual production capacity of 3.7 million metric tonnes.
- **Shougang Hierro Peru, an iron ore miner and unit of China-based Shougang,** will invest $1bn to expand capacities at its mine in Marcona, Peru.
- **Singapore-based Flex, a contract electronics manufacturer,** has inaugurated its $39.5m production site in Zapopan, Mexico. The company manufactures hi-tech sports shoes for Nike. The 57,000-square-metre facility employs 5000 workers but is expected to hire an additional 6000 by the end of 2019. The facility has its own gas-powered plant to generate 8 megawatts of clean power.

Middle East and Africa

Key trends in 2017 include:

- FDI into the Middle East and Africa by project numbers decreased by 2% in 2017 to 1142. Capital investment also decreased by 20% to $114.6bn. In contrast, job creation increased by 4%.

- FDI into the Middle East remained stationary in 2017, but capital investment decreased by 39%.

- Israel ranks fourth for FDI into the Middle East and Africa by number of projects, climbing six places.

- United Arab Emirates remains the top location for FDI in the Middle East and Africa, with a market share of 26% of FDI projects in the region, following an increase of 8% to 298.

- Saudi Arabia has experienced a sharp decrease in capital investment (42%) as well as a 14% decrease in overall FDI projects.

- FDI projects into Bahrain increased by 15%. However, inward capital investment experienced a decline of 68%.

- Capital investment into Oman experienced an increase of 32%, while the number of FDI projects also increased from 24 to 30.

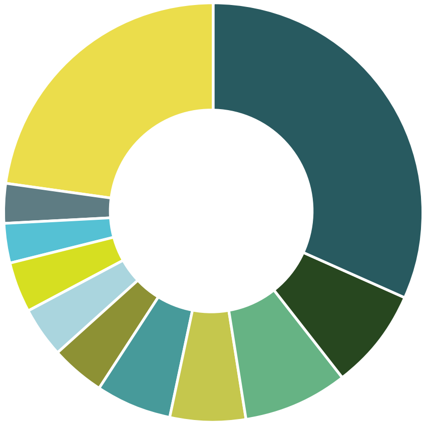
- Project numbers into Africa experienced a slight decrease of 3% in 2017 as well as a 10% decline in capital expenditure.

- FDI projects into Nigeria fell from 49 to 35, a decline of 29%.

Graph 1

FDI INTO THE MIDDLE EAST AND AFRICA ($BN) IN 2017

Capital investment



Middle East and Africa market share %		Capital investment ($bn) 2017
32%	Egypt	**36.6**
8%	Ghana	**9.1**
8%	UAE	**8.8**
6%	Saudi Arabia	**6.8**
6%	Mozambique	**6.4**
4%	Nigeria	**4.5**
4%	Oman	**4.4**
4%	South Africa	**4.2**
3%	Morocco	**3.9**
3%	Israel	**3.1**
23%	Other	**26.8**

Source: **fDi** Markets
Note: Includes estimates

Table 1

FDI INTO THE MIDDLE EAST AND AFRICA BY PROJECT NUMBERS IN 2017

Country	Projects 2017	% change
UAE	298	8%
South Africa	96	-9%
Morocco	88	11%
Israel	68	113%
Egypt	67	-3%
Saudi Arabia	59	-14%
Kenya	42	11%
Nigeria	35	-29%
Bahrain	31	15%
Oman	30	25%
Other	328	-16%
Total	1142	-2%

Source: **fDi** Markets
Note: Percentages rounded up/down

4th

Israel ranks fourth for FDI into the Middle East and Africa by number of projects, climbing six places

Table 2

FDI OUT OF THE MIDDLE EAST AND AFRICA BY CAPITAL INVESTMENT ($BN) IN 2017

Country	Capital investment 2017 ($bn)
Saudi Arabia	16.2
UAE	11.5
Kuwait	3.8
Israel	3.2
South Africa	2.5
Qatar	0.6
Iran	0.5
Bahrain	0.4
Egypt	0.4
Angola	0.3
Other	1.7
Total	41.2

Source: **fDi** Markets
Note: Includes estimates

Table 3

FDI OUT OF THE MIDDLE EAST AND AFRICA BY PROJECT NUMBERS IN 2017

Country	Projects 2017
UAE	129
Israel	116
South Africa	75
Saudi Arabia	32
Kuwait	16
Qatar	16
Egypt	15
Iran	15
Kenya	13
Ivory Coast	12
Other	78
Total	517

Source: **fDi** Markets

"Project numbers into Africa experienced a slight decrease of 3% in 2017 as well as a 10% decline in capital expenditure

KEY TRENDS IN 2016

8%

United Arab Emirates remains the top location for FDI in the Middle East and Africa, with a market share of 26% of FDI projects in the region, following an increase of 8% to 298

FDI into the Middle East and Africa by project numbers decreased by 2% in 2017 to 1142. Capital investment also decreased by 20% to $114.6bn. In contrast, job creation increased by 4%

20%

15%

FDI projects into Bahrain increased by 15%. However, inward capital investment experienced a decline of 68%

Recent major projects

- **Russia-based nuclear power corporation Rosatom** will build a new $30bn power plant in El Dabaa, Egypt, as part of a joint venture with Egyptian authorities. It will comprise four water-water energetic reactor 1200 units, each with a capacity of 1200 megawatts. The first unit of the 4800-megawatt plant is to be commissioned in 2026 and will serve the local market.
- **Italy-based Eni, an international energy company,** has commenced production at a new integrated oil and gas development facility in the Tano Basin area of Ghana. It is located in the Offshore Cape Three Points block (OCTP) and operates as a joint venture, which is 44.44% owned by Eni, 35.56% owned by Netherlands-based Vitol and 20% owned by Ghana-based Ghana National Petroleum Corporation. The OCTP development represents an investment of $7.9bn and is made up of the Sankofa Main, Sankofa East and Gye-Nyame fields. The fields have 770 millions barrel of oil equivalent in place, consisting of 500 million barrels of oil and 270 millions barrel of oil equivalent of non-associated gas, which will be used to serve the local market.

Sector analysis

Key trends in 2017 include:

• Coal, oil and natural gas reclaimed the top spot for capital investment in 2017 with $79.6bn of FDI recorded.

• The top three sectors by number of projects in 2017 were software and IT services, business services, and financial services, with financial services replacing the third-ranked sector of 2016, industrial machinery, equipment and tools.

• Software and IT services again maintained its place as the top sector for project numbers, with 2237 in 2017, up 5% from 2016.

• Of the top five sectors by number of projects, software and IT services and financial services were the only two to achieve growth.

• Communications witnessed a 14% decrease, by number of projects after showing an increase in 2016.

• Real estate saw an increase of 16% in project numbers in 2017, though capital investment dropped by 49% to $79.5bn.

• Chemicals saw a 58% increase in capital investment in 2017, with a slight drop in project numbers of 2%.

• The biggest decline in project numbers comprised the sectors of communications (-14%), automotive components (-14%) and business services (-7%).

Graph 1

FDI BY SECTOR 2017

Capital investment

FDI by sector market share %		Capital investment ($bn) 2017
12%	Coal, oil and natural gas	**79.6**
12%	Real estate	**79.5**
7%	Chemicals	**47.5**
7%	Renewable energy	**45.9**
6%	Communications	**40.8**
5%	Automotive OEM	**32.5**
4%	Software and IT services	**29.1**
4%	Electronic components	**26.2**
4%	Transportation	**24.3**
4%	Food and tobacco	**24.0**
35%	Other	**233.2**

Table 1

FDI BY SECTOR (NUMBER OF PROJECTS), 2017

Sector	Projects 2017	change
Software and IT services	2237	5%
Business services	1430	-7%
Financial services	856	8%
Industrial machinery, equipment and tools	841	-6%
Communications	684	-14%
Transportation	634	-3%
Real estate	630	16%
Food and tobacco	575	8%
Automotive components	486	-14%
Chemicals	456	-2%
Other	4371	-1%
Total	13200	-1%

Source: **fDi** Markets   Note: Percentages rounded up/down

58%

Chemicals saw a 58% increase in capital investment in 2017, with a slight drop in project numbers of 2%.

About us

About fDi Intelligence

fDi Intelligence is a specialist service from the Financial Times 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 FDI and associated activities.

Products and services include:
fDi Markets – the only online database tracking crossborder greenfield investment covering all sectors and countries. It provides real-time monitoring of investment projects, capital investment and job creation with 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 65 sectors. Its comprehensive location data series covers the main cost and quality competitiveness indicators for more than 900 locations.

fDi Reports – provides sector, country, company and bespoke FDI reports which deliver business intelligence to corporations, IPAs, development organisations, consulting firms and research institutions.

fDi Magazine – firmly established as the world's premier publication for the business of globalisation. Published on a bi-monthly basis with an ABC-certified, highly targeted circulation of more than 15,000, **fDi** provides corporate decision-makers with an up-to-date image of the ever-changing global investment map.

GIS Planning – an online service which provides the comprehensive demographic and industry data businesses need to make successful location decisions in your community. Visit GISPlanning.com for more information.

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 **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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