International investment trends: FDI inflows specificities and related policies

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الهيئة التونسية للاستثمار

TUNISIA INVESTMENT AUTHORITY

GlobalData.

INVESTMENT MONITOR

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Introduction

GlobalData has been commissioned by the Tunisian Investment Authority to provide a research report outlining the current trends in greenfield foreign direct investment (FDI) projects.

The key report findings will be presented by Glenn Barklie, chief economist, Investment Monitor and head of FDI services, GlobalData, at the 16th session of Tunisia's strategic council on 29th September 2023. The author hopes to add insightful information to aid the Tunisian Investment Authority (TIA) in its attempts to encourage FDI into Tunisia.
The report focuses on greenfield FDI trends with breakdowns by sector, subsector, theme and motives. It also delves deeper and provides insights into projects in Tunisia's competitor locations.

This report has been compiled by Glenn Barklie and Deepti Aggarwal in August 2023 under the supervision of the investment policies and reforms department at TIA. The greenfield FDI data used in the report is from GlobalData's FDI Projects Database. The database has historic data available from 2019. However, most of this report focuses on the provisional data recorded between January and July 2023.

Glenn Barklie is chief economist, Investment Monitor and head of FDI services, GlobalData.
Glenn has 17 years of experience in economic development. He has worked with hundreds of IPAs and has been a senior consultant on more than 75 FDI research assignments. Glenn specializes in FDI trends, location benchmarking and database creation. He is an FDI commentator providing presentations and insights for agencies such as the Annual Investment Meeting and the UN. He also appears on radio and podcasts discussing FDI trends. He has a degree in Economics from Queen's University Belfast.

Deepti Aggarwal is head of FDI research, GlobalData.
Deepti manages the FDI research team at GlobalData. She ensures data is collected and quality controlled to the highest standards. She has spent more than nine years delivering client-centric and value-driven solutions in the financial and market research domain and has provided leadership experience in the research services life cycle that includes consulting, project execution and operations.

Executive Summary

Key FDI trends

Globally, FDI recovered well after Covid-19 caused levels to drop. Although we see strong, positive growth in projects in 2021 and 2022, in 2023 we expect the global macroeconomic issues to begin to (negatively) impact greenfield investments. This is important as the Tunisian Investment Authority (TIA) needs to be aware of a narrowing in the pool of available projects.

There have been some notable changes in FDI winners. Several countries have seen surges in FDI inflows between 2020 and 2022. India is a notable winner. Also, investors are being swayed to markets such as the Middle East and Asia (but not China). Neighboring countries are benefiting from geopolitical tensions of larger hub countries such as China and Russia.

However, traditional markets such as the US and UK remain attractive for investors. Investors are looking to safe markets and/or markets that are growing. They are often citing talent and cost as key drivers. Additionally, policy reforms to make the business environment more attractive are working well. Several of the top improvers in FDI in 2022 implemented business reforms.

Although the top FDI sectors, software and IT services, and business and professional services, will remain as such, we are seeing increased FDI in areas of cleantech and strategically important subsectors (such as semiconductors). These are also areas that are seeing some of the largest capital investments and requiring larger land areas.

What are the key investment themes?

Emission reduction and supply chain are the top two themes investors are focusing on in terms of FDI. Digitalization is a key overarching theme for FDI. Several tech-based themes are listed in our top ten themes based on greenfield investments in January-July 2023. Mobile, cloud, artificial intelligence, data analytics, cybersecurity and industrial automation are all becoming more important to investors. TIA should use the themes analysis when engaging with investors to promote Tunisia's prowess in each theme, where relevant. Also note how themes are typically sector agnostic. Therefore, having good marketing in each theme can help with the more traditional target sector approach.

What is driving FDI?

Proximity to customers is the leading motivation for companies undertaking FDI. This is most associated with large domestic and/or access to larger regional markets. Foreign investment is typically market-seeking. Availability and accessibility of talent and business environment are other important reasons for FDI decisions. Government support in the form of incentives (financial aid) and non-financial support are also increasing. Historically, incentives were seen as the 'icing on the cake'; however, given recent industrial policies being passed in larger, traditional FDI markets such as the US and the EU, incentives in particular are becoming a much more prominent factor in FDI decisions. This is important for countries such as Tunisia as it makes investor attraction much more difficult when competing against large countries that are offering serious financial aid in order to woo investors.

Executive Summary

Case studies provide insights into investment projects and drivers

This report contains 15 case studies of investment projects in competitor countries in 2023. These projects span Tunisia's target sectors of aerospace, automotive, pharmaceuticals, renewable energy, and software and IT services. We see examples of the factors identified in the data analysis that are driving inward investment. Market size and access to customers are often key. However, a robust business environment, incentives, supply chain considerations and talent are other important drivers.

Tunisia has been performing admirably in greenfield FDI

Tunisia ranked as one of the top 15 most improved FDI countries in 2022, growing its greenfield project numbers annually by 88%. It also ranked 18th globally in our inward investment performance index, which measures the number of inward investment projects against economic size. By this metric, Tunisia is attracting more than 3.43 times its fair share of global FDI so far in 2023. The United Arab Emirates (UAE) ranked first (8.48).

Recommendations

- Globally, FDI is expected to remain volatile for the next few years. Tunisia should be actively monitoring the changing patterns of FDI and industries for both (i) internal strategic reasoning and knowledge building as well as (ii) external promotion. Some key factors to track:
  - What are the most active FDI sectors and subsectors and how do they align with Tunisia's target sectors?
  - Where are the top source markets for such investments and which are the best companies to engage with to start discussions about investments in Tunisia?
  - Where is FDI going to? Which countries? How does Tunisia stack up against these peers?
  - Gather global, regional and country industry trends to position Tunisia as a thought leader.

- Engage in digital marketing to raise Tunisia's profile and have an 'always-on' approach. Be able to (i) create content to promote Tunisia across a wider network and (ii) monitor which companies are engaging with TIA-related content.

- Participate in the World Bank's new Business Ready (B-Ready) initiative. This replaces, and builds on, the old Doing Business report, which was last produced in 2020. Investors use such rankings to help long-list and short-list locations. Tunisia should also monitor the report and seek to improve its global position in each new edition. One suggestion is to create a 'what-if scenario', aligning potential business reforms to the data contained within the report to measure the significance that change may have in Tunisia's ranking.

- As strategic partnership and supply chains are considered two of the most important FDI themes, databases of local partners in the different sectors should be available in Tunisia to ensure linkages and to help realize greenfield projects.

- Align the information in this document regarding FDI insights to potential business reforms. For example, in analyzing how important talent is as an FDI driver, Tunisia may want to further examine policies such as golden visas to attract and retain more talent to the country. Tunisia should map out factors that are more in its control (for example, education, workforce and business regulations) against factors outside of their control (market size, for instance).

- A free zone focused on strategic and cleantech sectors could prove fruitful. Foreign investment is likely to be won and lost on these sectors in the future. Having a pro-business environment tailored to such industries coupled with a consistent pool of talent in these areas would benefit investment outreach. View Egypt's Suez Canal Economic Zone as a 'best-in-class' example of how it recorded the largest number of green hydrogen projects in 2022.

- An often-overlooked point by many investment promotion agencies is to keep information on their websites up to date and relevant to industry changes. Tunisia's digital investor guide is an important tool but should be updated periodically. A strong online presence is key, even more so nowadays as individuals consume more data online than ever before. Investors are no different and viewing an investment promotion agency's (IPA) website will often be the first contact point.

Global greenfield FDI project trends

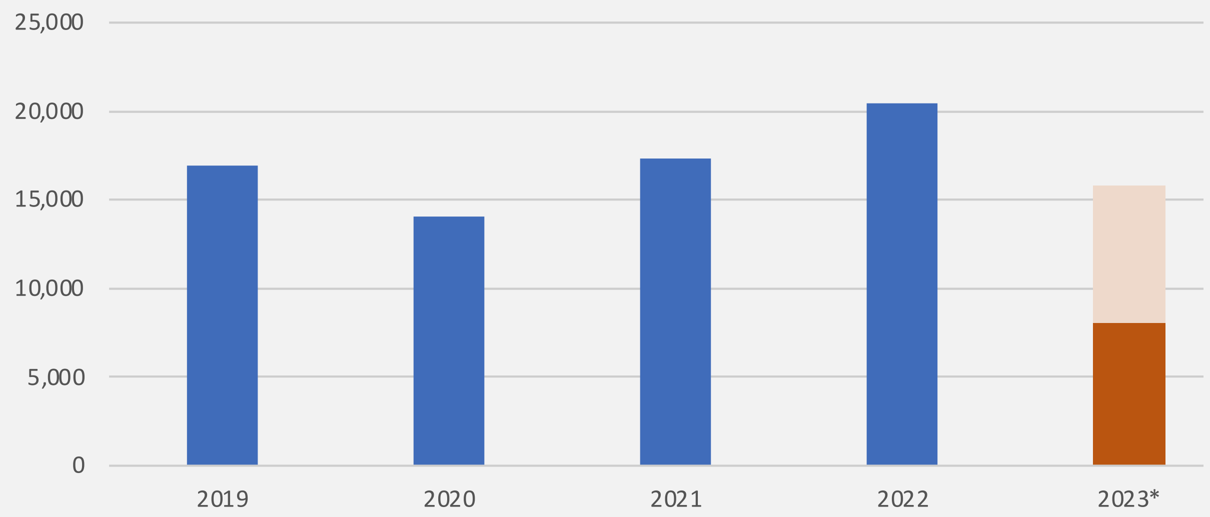
Foreign investor sentiment was strong post Covid-19. After project numbers fell by 17% in 2020, as country lockdowns due to Covid restrictions caused site selection decisions to dramatically slow, investor enthusiasm returned in 2021 and even grew further in 2022.

Despite all the global macroeconomic issues such as Russia's invasion of Ukraine, US-China decoupling, Brexit, global inflation and the cost of living crisis, 2022 was a record year for greenfield investment. More than 20,000 greenfield projects were recorded by GlobalData, exhibiting an 18% growth from 2021.

In contrast, Asia exhibited the largest gain in market share (+4.3 percentage points) and continued to maintain its position as the second-largest regional inbound market. Asia's increase in FDI was more of a continued recovery, as it finally passed pre-Covid FDI levels.

Of the 34 global FDI sectors, 26 witnessed annual growth in 2022. Software and IT services emerged as the leading FDI sector in terms of number of projects. Business and professional services (BPS) placed second, followed by communication and media, which ranked third. Notably, renewable and alternative power, which was the largest growth sector in 2021, continued its upward trajectory, increasing by an additional 44.6% in 2022.

Number of greenfield FDI projects, globally, 2019–23*



Source: GlobalData's FDI Projects Database
*Dark orange bar is provisional data for Jan-Jul 2023; light orange bar indicates total-year forecast

Trends in FDI so far 2023

Although project numbers grew in 2022, we are now seeing the impact of the aforementioned macroeconomic issues impacting FDI flows. This is because there is typically a lagged relationship between economic growth and FDI levels.

Given the current real-time data available, the expectation is that the number of greenfield FDI projects in 2023 will reach somewhere between the levels achieved in 2020 and 2021. Our current estimates anticipate the number of greenfield FDI projects in 2023 to be around 25% lower than in 2022.

This is important for IPAs to know and continually monitor as they are facing increased competition (from other agencies) and now for a smaller pool of projects. Additionally, the evolving nature of FDI is seeing new countries emerging as key investment destinations. Examples include several countries in the Middle East, as companies look to take advantage of governments opening up (for example, Saudi Arabia[1]) and actively pushing for FDI amid relatively favorable market conditions. In a similar vein, several Asian countries are taking advantage of the geopolitical situation in China, with investors looking to diversify their operations away from China but remain in the Asian region.

Winners in this regard have been India, Malaysia, the Philippines and Vietnam. Lastly, industrial policies, particularly in the US and Europe, such as their respective chips acts and the US Inflation Reduction Act, are making it almost impossible for investors to ignore these locations for new operations. In fact, the US is already reporting a surge in inbound manufacturing in light of the policy changes[2].

[1]For example, Saudi Arabia recently joined the UN Convention on Contracts for the International Sale of Goods - https://www.investmentmonitor.ai/news/saudi-arabia-joins-un-convention-on-contracts-for-the-international-sale-of-goods/ (Tunisia is not currently a member)
[2]https://www.whitehouse.gov/cea/written-materials/2023/08/23/early-signs-that-bidenomics-is-attracting-new-foreign-investment-in-u-s-manufacturing/

Top FDI destinations

The United States is the leading destination country globally for FDI so far in 2023. It is generally the leading source and destination market in most years (by number of greenfield FDI projects).

India, which moved up from the fifth-largest inbound market in 2021 to the third-largest market in 2022, is currently the second-largest market in 2023.

India has seen a surge in interest from investors around the world. The United Kingdom generally ranks as one of the top investment countries; however, since Brexit its inward flow has been rather volatile with investors becoming worried regarding access to the EU market.

The UAE leads the Middle East region by some margin, while Mexico is the leading Latin American destination. The majority of FDI into Mexico (over one-third) is from US-based companies. China is seemingly continuing its downturn in inbound greenfield FDI. Investors are diversifying their reliance on China and implementing policies such as 'China +1'[3]. This is to the benefit of other Asian nations.

Tunisia currently ranks 70th with 13 FDI projects recorded.

Top 15 FDI countries, by number of greenfield FDI projects, January–July 2023*

Rank	City	Projects
1	United States	801
2	India	563
3	United Kingdom	464
4	Finland*	414
5	Mexico	363
6	United Arab Emirates	322
7	Germany**	295
8	Poland	291
9	Spain	274
10	Canada	216
11	Singapore	187
=12	France**	168
=12	China	168
=14	Saudi Arabia	154
=14	Vietnam	154

Source: GlobalData's FDI Projects Database
*Finland's project numbers are high due to Telia's 5G network infrastructure projects across cities and towns throughout the country
**France and Germany numbers appear lower than normal due to a key data source not yet releasing information

[3] China +1 is an initiative many companies are undertaking whereby they maintain a presence in China but invest in other locations in the region so that their reliance on China is diminished.

Tunisia: Large investment announcements in 2023

Several investments into Tunisia were multimillion-dollar commitments. Some of the largest investments were linked to renewable energy and automotive sectors.

Acciona to invest $165m to build wind farm in Chenenni
Acciona, a Spain-based renewable energy company, plans to invest $165m (€154.82m) to build a new 75MW wind farm in Tataouine, Tunisia, following a partnership deal with SWICORP, a Saudi Arabia-based asset management, private equity and investment banking company. The project is expected to be operational in 2027.

Sumitomo Electric to open a new $39m production unit in Monastir
Sumitomo Electric, a Japan-based electric wire and optical fiber cables company, announced plans to open a new production unit in Monastir, Tunisia. The company is investing $39m (Y5.76bn) in the production facility in two phases. The built-up area of the facility will be around 31,000m2 on 6 hectares (ha) of land. The project will create 2,000 jobs at the beginning of operations, reaching 5,000 in the long term.

Autoliv spent $31m to expand its auto parts manufacturing facility in El Fahs
Autoliv Tunisie, a Tunisia-based auto parts manufacturer specializing in the manufacture of steering wheels, and a subsidiary of Autoliv, a Sweden-based company, has expanded its existing production site in El Fahs, Tunisia. The company has invested around $31mn (TD84m) and created 500 new jobs.

Sartorius invested $21m to expand its production facility in Ben Arous
Sartorius, a Germany-based pharmaceutical manufacturer, has invested $21m to open a new 10,000m2 building and corresponding operation equipment at its existing location in Ben Arous, Tunisia. The extension includes clean rooms totaling around 2,400m2 with adjacent warehouse and logistics facilities, among others. The company will create new jobs as part of the investment.

Vernicolor invested $11m to open automotive spare parts factory in Manouba
Vernicolor, a France-based supplier of plastic sub-assemblies for the automotive sector, has invested $11m to open a new 10,000m2 spare parts production unit at the El Fejja Industrial Park in Manouba, Tunisia. It will create up to 800 jobs in the medium term.

Top greenfield FDI projects into Tunisia by announced capital investment January –July 2023*

Rank	Investor	HQ Country	Destination Country	Investment ($bn)
1	Acciona	Spain	Tataouine	165
2	Sumitomo	Japan	Monastir	39
3	Autoliv	Sweden	El Fahs	31
4	Sartorius	Germany	Ben Arous	21
5	Vernicolor Group	France	Manouba	11

Source: GlobalData's FDI Projects Database
*Where the announced project value is publicly available

Most improved FDI countries in 2022

The below table summarizes a selection of the biggest improvers in terms of inbound receipt of FDI in 2022. The countries' global rank refers to their world position by number of inbound greenfield FDI projects in 2022. FDI growth refers to the change in the number of FDI projects received between 2021 and 2022. The key drivers provide us with some possible reasoning for the country's improved performance.

Some overarching insights include:
- Several countries are based in Asia, which saw a resurgence in FDI in 2022[4]
- Neighboring countries benefiting from geopolitical tensions of larger hub countries such as China and Russia
- Investors are looking to stable markets and/or markets that are growing
- Talent and costs often cited as key drivers
- Policy reforms to make the business environment more attractive working well

Top 15 countries with large increases in FDI projects in 2022

Country	Global rank 2022	FDI growth (2021-22)	Key drivers
Armenia	43rd	514%	• Favorable legislation and climate for foreign investors • Ongoing business and tax reforms aiding foreign investors • Availability of skilled, cost competitive and qualified labor force • One-stop-shop for obtaining a company name, registering your business and receiving a tax identification number • Bilateral investment treaties and free trade agreements to facilitate investment • Benefited from western companies leaving Russia
Georgia	44th	193%	• Diversified non-commodity reliant economy with consistently high gross domestic product (GDP) growth • Business-friendly environment and low tax regime • Policy reforms undertaken by government to boost productivity and accelerate economic growth • Bilateral investment treaties and free trade agreements to facilitate investment • Benefited from western companies leaving Russia
Philippines	28th	158%	• Strategic location making it a critical entry point to the ASEAN Free Trade Area market • The creation of "Green Lanes" for strategic investments • Sustainable economy due to abundance of natural resources • Availability of skilled, cost-competitive and qualified labor force • High economic growth coupled with business-friendly economy and policies

[4]See Investment Monitor's FDI into the Asia-Pacific region in 2022 for more insights

Top 15 countries with large increases in FDI projects in 2022 (Cont.)

Country	Global rank 2022	FDI growth (2021-22)	Key drivers
Uzbekistan	56th	154%	• Liberalization and transition to free market economy • Visa-free travel, lower taxes and a growing educated population • Large population and market opportunities for foreign investors • Policy reforms undertaken by government to facilitate foreign investment like introduction of tax incentives for renewable energy producers in 2022 and offers state budget support to provide investment projects above UZS200bn with external infrastructure
Luxembourg	67th	126%	• Highly developed economy, with the highest GDP per capita in the world • Political and economic stability and robust infrastructure • Well-established fund industry with a reputation for attracting large cross-border investment platforms • Strong connectivity where it is possible to reach 60% of the EU market in less than one day
Kazakhstan	61st	121%	• New Silk Road connectivity, tax incentives and comprehensive structural and regulatory reform • Strategic location linking China with Russia and Europe • Companies operating in special economic zones (SEZs) are exempt from corporate income tax, property tax and land tax • Diversification from oil-based economy to agriculture, technology, financial services and beyond • High economic growth coupled with FDI regulatory reforms
Malaysia	22nd	117%	• Business-friendly institutional framework, deep financial services sector and relaxed FDI restrictions ex: the adoption of the strategic investor pass (SIP) for investors to enter Malaysia on a multiple-entry basis • Introduction of new investment policy to create high-value jobs, extend domestic linkages, develop new clusters and enhance local production capabilities • Highly developed ICT infrastructure • Talented science, technology, engineering and mathematics graduates • Emerged as alternative manufacturing hub due to ongoing geopolitical tensions in China
Bangladesh	63rd	116%	• Availability of cheap labor • High connectivity, competitive market, business-friendly environment and competitive cost structure • Strategic location with regional connectivity to India, China and ASEAN market • Provides one stop banking services to facilitate FDI • Initiatives taken by government include infrastructural development, power sector development, digitalization in the registration process, regulatory reforms in foreign exchange transaction guidelines

Top 15 countries with large increases in FDI projects in 2022 (Cont.)

Country	Global rank 2022	FDI growth (2021-22)	Key drivers
Taiwan	40th	100%	• Favorable investment climate coupled with high economic growth • Large industrial base with significant research and development (R&D) capacity • Strategic location which acts as gateway to China and ASEAN markets • Three-year action plan for welcoming overseas Taiwanese businesses to return to invest in Taiwan • Availability of skilled labor • US-China trade tensions resulted in relocation of companies to Taiwan
Tunisia[5]	73rd	88%	• Availability of skilled, cost-competitive and qualified labor force • Geographical proximity to European markets, sub-Saharan Africa, and the Middle East • Free-trade agreements with the EU and much of Africa • Privatization of state-owned enterprises attracted significant FDI in sectors such as telecommunications, banking, insurance and manufacturing
Portugal	25th	81%	• High economic growth with moderate inflation as compared with EU average • Availability of skilled labor with third-highest rate of engineering graduates in Europe • More than 140 tech hubs developing a wide range of software and telecom solutions • Golden Visa scheme wherein you can acquire residency when you acquire a property in Portugal • Bilateral investment and taxation treaties coupled with economic reforms to facilitate investment • Establishes a system of financial incentives for large investment projects
Vietnam	21st	81%	• High economic growth relative to other low-cost countries • Leverage attractive free trade agreements, production and market advantages • Vietnam allows 100% foreign ownership in most of its sectors • Numerous industrial zones, labor availability, lower labor costs and a relatively open environment for FDI • Appropriate destination to supplement China operations

[5]Tunisia recorded 32 inward FDI projects in 2022, out of which 28 were new and 4 were expansion projects

Top 15 countries with large increases in FDI projects in 2022 (Cont.)

Country	Global rank 2022	FDI growth (2021-22)	Key drivers
India	3rd	74%	• High economic growth coupled with policy reforms to facilitate FDI • Availability of skilled labor • Modi's "Make in India" flagship program to foster domestic manufacturing capabilities • Strong consumer trends, digitalization, a booming services sector, growing population, large domestic market
Indonesia	29th	69%	• High economic growth relative to other low-cost countries • Ongoing business and tax reforms aiding foreign investors • Introduction of Omnibus law to attract investment, create new jobs and stimulate the economy • Growing number of SEZs, labor availability, low labor costs and open environment for FDI • Appropriate destination to supplement China operations
Kenya	48th	61%	• East Africa's largest economy with political and macroeconomic stability • Robust economic reforms program undertaken by government to improve ease of doing business • Availability of skilled labor at low cost • Strategic location and acts as a gateway to East and Central African region

Source: Investment promotion agency websites, news articles, press releases

Top FDI Sectors

So far in 2023, the top ten FDI sectors by number of projects remain relatively unchanged[6].

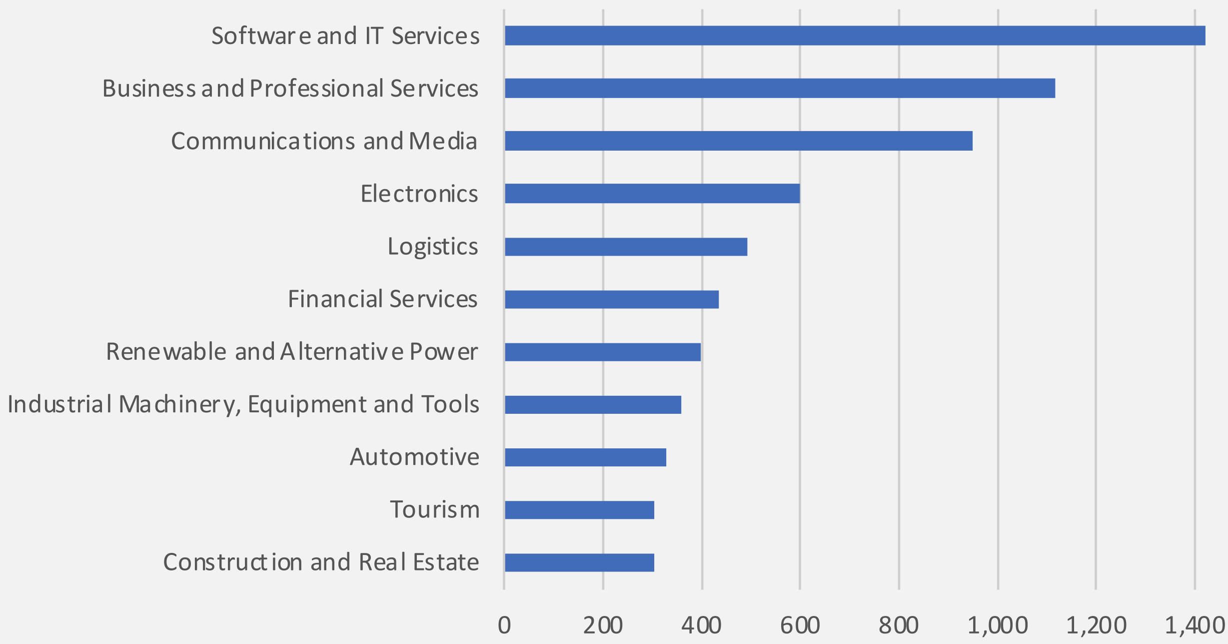
Software and IT services and business and professional services (BPS) are the leading FDI sectors – as they have been for the past 15 years.

These projects were among the quickest to rebound after Covid-19 caused FDI levels in most sectors to plummet. Both software and IT services and BPS projects are less sticky and therefore can be more quickly installed. Other operations in industries such as automotive, construction and tourism have seen much slower returns to normal as these operations require more planning and typically involve more capital, space (land) and manpower.

The only current notable shift is that logistics is currently ranking as the fifth-largest FDI sector, while it was seventh in 2022. Supply chain pressures are continuing to push companies to regionalize their supply chains. Logistics witnessed a huge boost in investments in 2020/21 as companies such as Amazon created a large number of new logistics and warehousing projects in order to better service their ecommerce offering.

Concerning medium-term developments, renewable energy has become a much bigger sector in FDI terms. With world climate targets getting closer and closer, countries are witnessing how foreign investors can help reduce carbon emissions and promote cleaner energy options. Renewable and alternative power has moved up from being the 13th-largest FDI sector in 2019 to the sixth-largest in 2022.

Top ten FDI sectors, by number of greenfield FDI projects, January-July 2023*



Source: GlobalData's FDI Projects Database
*Provisional data for January-July 2023
[6]Compared to 2022

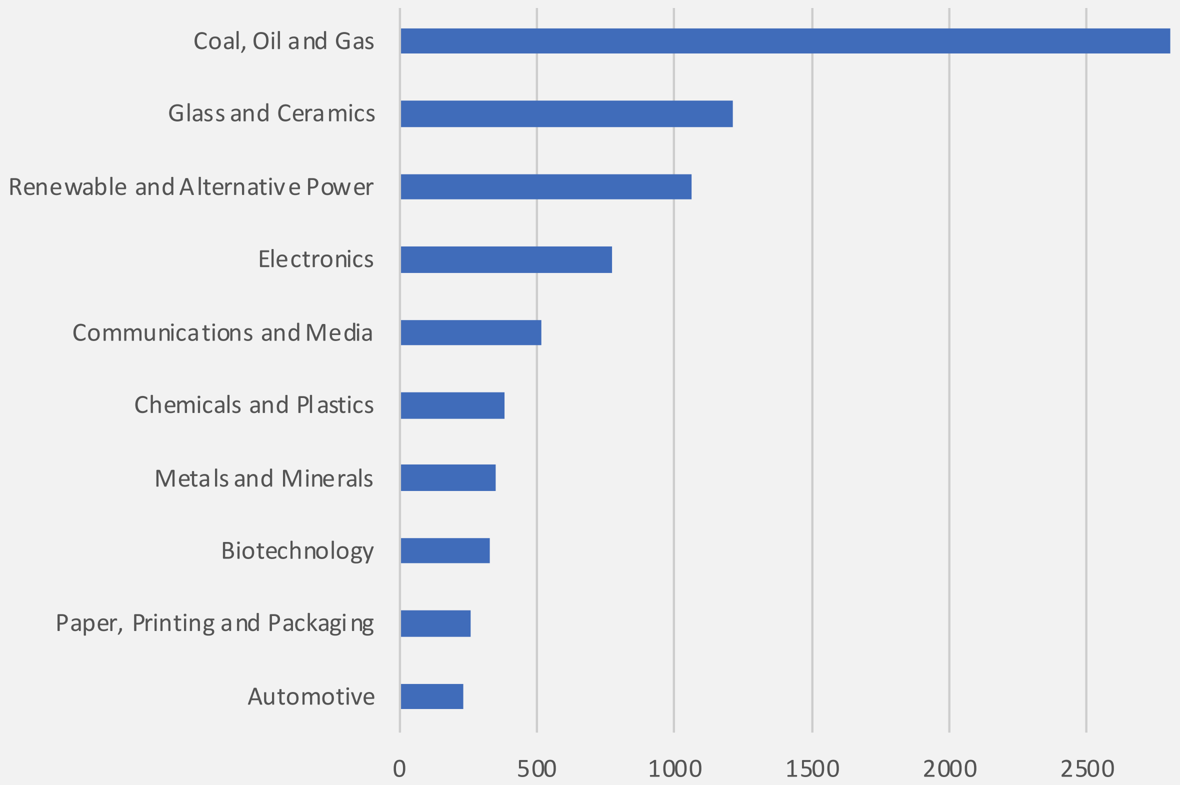
However, the top ten sectors by average project value show a different sector mix. Coal, oil and gas projects, although in decline in terms of project numbers, are still the largest in terms of average project value. So far in 2023, the average capital investment per project in coal, oil and gas FDI is $2.8bn.

Glass and ceramics ranks second; however, this is due to a huge $11.5bn (83.88bn yuan) investment announced by China's Xinyi to build a quartz sand processing plant in Indonesia.

Renewable and alternative power and electronics sectors ranked third and fourth respectively. Both sectors rank in the top ten by both numbers of projects and average project value.

Average capital investments are higher in more industrial sectors (compared with service-based sectors). The top two sectors by project numbers, software and IT services and BPS, are two of the smallest sectors by average project value.

Top ten FDI sectors, by average announced capital investment (US$m), Jan-Jul 2023*
*Provisional data for January-July 2023 where the project value information is known[7].



Source: GlobalData's FDI Projects Database

[7] Please use this table with caution. The sample size for the average capital investment are coal, oil and gas (7 projects), glass and ceramics (10), renewable and alternative power (112), electronics (217), communications and media (46), chemicals and plastics (64), metals and minerals (58), biotechnology (8), paper, printing and packaging (20), and automotive (165).

Top FDI Subsectors

Software as a service (SaaS) is the top FDI subsector by number of greenfield FDI projects. SaaS projects account for 45% of all software and IT services projects so far in 2023[8] and 8% of total FDI (all subsectors).

Western Europe is the leading destination region for such SaaS FDI, followed by Asia, which witnessed the largest annual growth of any world region in 2022 (+70%). Foreign investment in SaaS is typically in R&D or sales-related functions. The flexible, dynamic nature of the subsector means there are many small and medium-sized enterprises[9] as well as large corporations undertaking FDI. Also, investments are, on average, lower in terms of capital investment and job creation and are therefore less sticky to macroeconomic impacts (compared with manufacturing operations, for example).

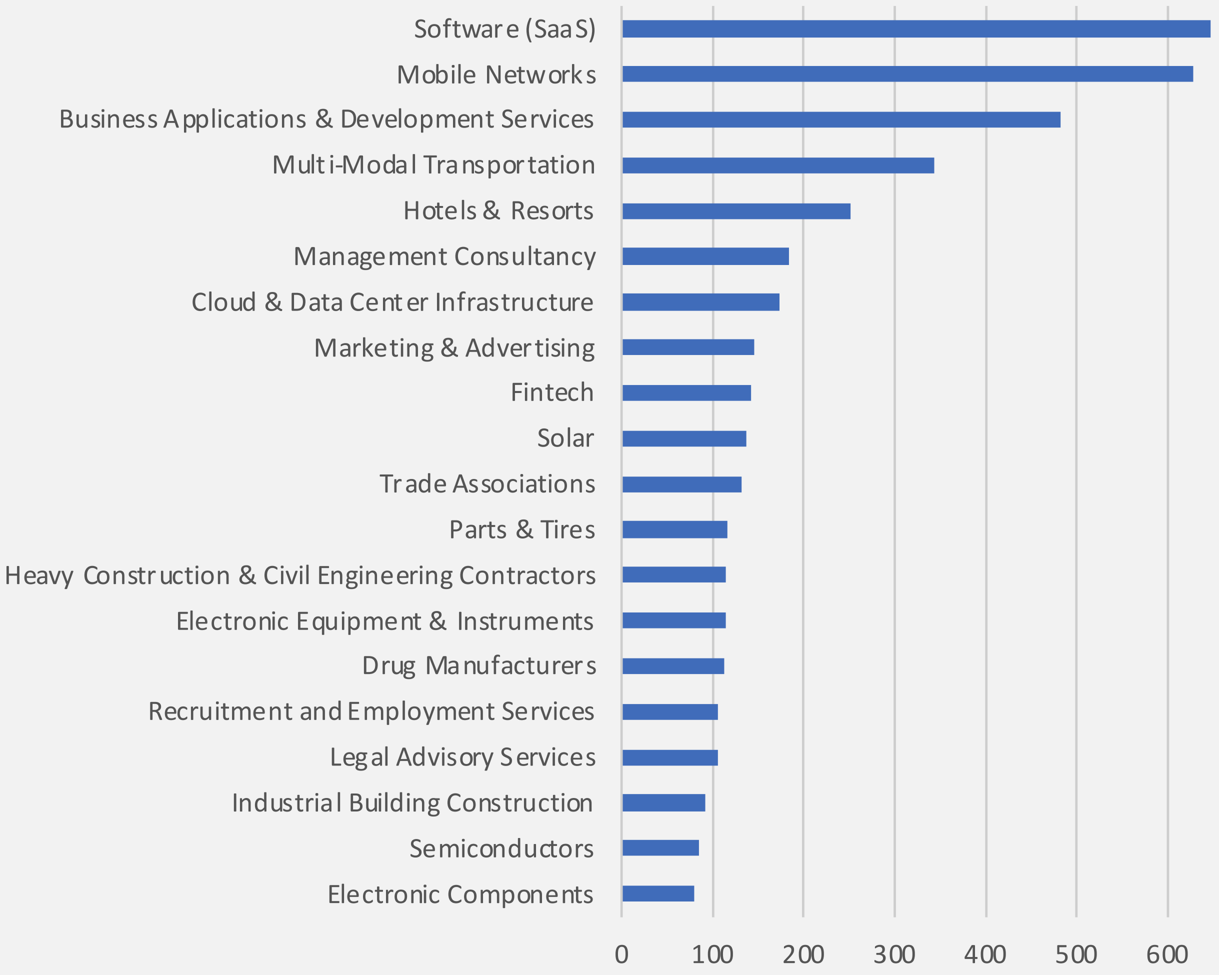
Mobile networks rank as the second-largest FDI subsector by number of projects. This is primarily due to the installation of 5G networks in towns and cities across countries. Finland and Kenya are examples of countries availing of foreign companies building key telecoms infrastructure that will benefit multiple industries in terms of connectivity.

Six BPS subsectors are listed in the top 20 FDI subsectors. Management consultancy is the top BPS subsector, followed by marketing and advertising, trade associations, heavy construction and civil engineering contractors[10], recruitment and employment services, and legal advisory services.

Some notable growth subsectors include semiconductors, cloud and data center infrastructure (often deemed strategic areas), recruitment and employment services (as talent is a key driver for business and FDI) and solar power. Other renewable energy subsectors have seen surges in FDI levels in recent years. Most recently there has been an influx of FDI in green hydrogen (which currently ranks as the 21st-largest subsector in 2023). Interestingly, Egypt was the leading destination country for green hydrogen FDI in 2022[11]. However, wind and solar FDI levels have also been strong as the demand for cleantech investments has surged to meet global climate goals.

[8] Jan-Jul 2023 / [9] Small-medium enterprises
[10] These are engineering and related technical activities
[11] A number of green hydrogen FDI projects announced in Egypt are destined for its Suez Canal Economic Zone. This is a good example of a free zone specialising in a key strategic sector

Top 20 FDI subsectors, by number of greenfield FDI projects, January-July 2023*



Source: GlobalData's FDI Projects Database
*Provisional data for January-July 2023; other subsectors total 3,858 projects

Top FDI Themes

We define a theme as a topic that keeps a CEO awake at night. These are emerging trends that typically impact multiple sectors. In general, a theme can be macro, tech or industry based.

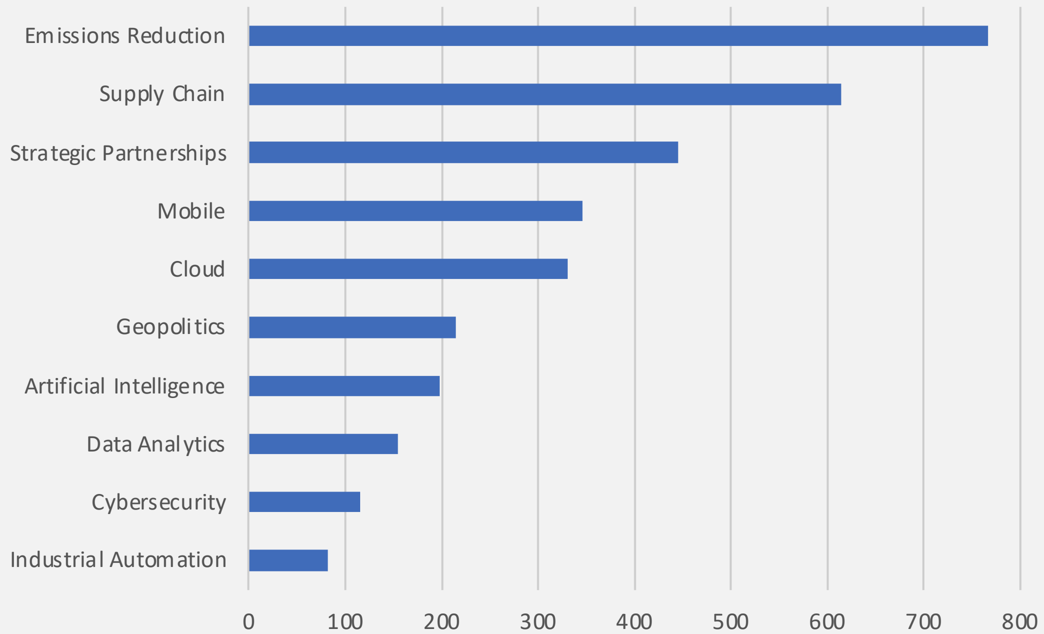
Emission reduction was the most-cited theme across greenfield FDI projects globally between January and July 2023. Around 9% of all announced projects referred to this topic. As the world grapples with the devastating impacts of climate change, governments, businesses and investors alike are acknowledging the need to transition towards a more sustainable and environmentally responsible future. This trend is amplified by a substantial increase in FDI projects related to cleantech sectors such as renewable energy and electric vehicles (EVs).

The lingering impact of Covid-19 continues to disrupt supply chains. Additionally, Russia's invasion of Ukraine, the aftermath of Brexit and China's geopolitical situation have placed supply chains in the spotlight. Against this backdrop, supply chains ranked as the second most topical theme for FDI globally. Geopolitical concerns have also surged in significance, moving up the theme ranking to occupy the sixth position so far in 2023, a notable increase from its tenth position in 2022.

Strategic partnerships[12] rank as the third most popular FDI theme. These partnerships have found significant traction, especially within the renewable energy and electronics sector. Foreign investors, equipped with substantial capital and expertise, are actively seeking local partners that possess a deeper understanding of the domestic market.

During the first half of 2023, digitalization-related themes were the most-cited themes across greenfield FDI projects. Indeed, six of the top ten themes impacting FDI were technology-based. Mobile, cloud and AI were some of the most topical tech themes with one in every ten FDI projects linked to one of these transformative technologies. Additionally, other tech-driven themes, such as data analytics, cybersecurity and industrial automation, are playing increasing roles in shaping FDI strategies and investments.

Top ten FDI themes, by number of greenfield FDI projects, January-July 2023



Source: GlobalData's FDI Projects Database

[12] These are typically joint ventures

Top FDI motives

Customers are the leading reason why companies are investing abroad[13]. In most cases investors are market-seeking and are therefore undertaking investments abroad to tap into the domestic consumer market at a closer proximity.

Since 2019, more than half (51%) of all FDI projects recorded in our greenfield FDI projects database that had a motive, cited customers as a key reason for their investment decision. Another key FDI trend has been regionalization. Companies want to produce goods closer to their client base to limit supply chain risks.

Talent is the second most popular FDI motive. Access to talent has become significantly more prevalent as a key FDI driver in the past 10–15 years. With all industries undergoing significant digitalization, unskilled workforce methods are beginning to be phased out. A trend that will be expedited by technologies such as AI. Talent accessibility and availability are key to investors. Investment promotion agencies and governments should keep abreast of industry trends to ensure a plentiful supply of talent (i) currently exists (the current workforce is trained up accordingly; and (ii) the future workforce (people in universities/colleges) are being taught skills that will be demanded by companies in the longer term.

Business environment closely follows talent as the third most popular investment motive. This is likely due to the unstable macroeconomic climate. Investors seek stable business environments even more in times of uncertainty. More generally, companies cite terms such as 'business friendly'. Examples of such investments include Swiss Krono's manufacturing facility expansion in Hungary. The company stated: "highly skilled, dedicated workforce, excellent raw material supply and the positive environment", with special emphasis on the Hungarian IPA's support as key drivers. While Sanofi stated it chose Hyderabad for its new global medical hub because it "provides a best-in-class business environment that supports life sciences".

Additionally, there are other examples where investors are citing more specific business regulations. Germany-based Bayer opened a new production hub in Egypt due to reforms to promote localization efforts. The company stated: "The EDA has reformed its policies to promote localization efforts by providing flexible regulations for licensing drugs, fast-track clearance of new products and offers manufacturers all available technical assistance to facilitate the registration and launch of all the medicines that are intended to be made locally."

Germany-based Allianz has opened several insurance branches in Egypt due to economic reforms undertaken by the Egyptian Government to push economic indicators. The company said: "Allianz International is optimistic about the results of economic reforms in Egypt, as well as the improvement of current economic growth indicators this year, which represents a strong push for Allianz to enhance its presence in Egypt in the coming future."

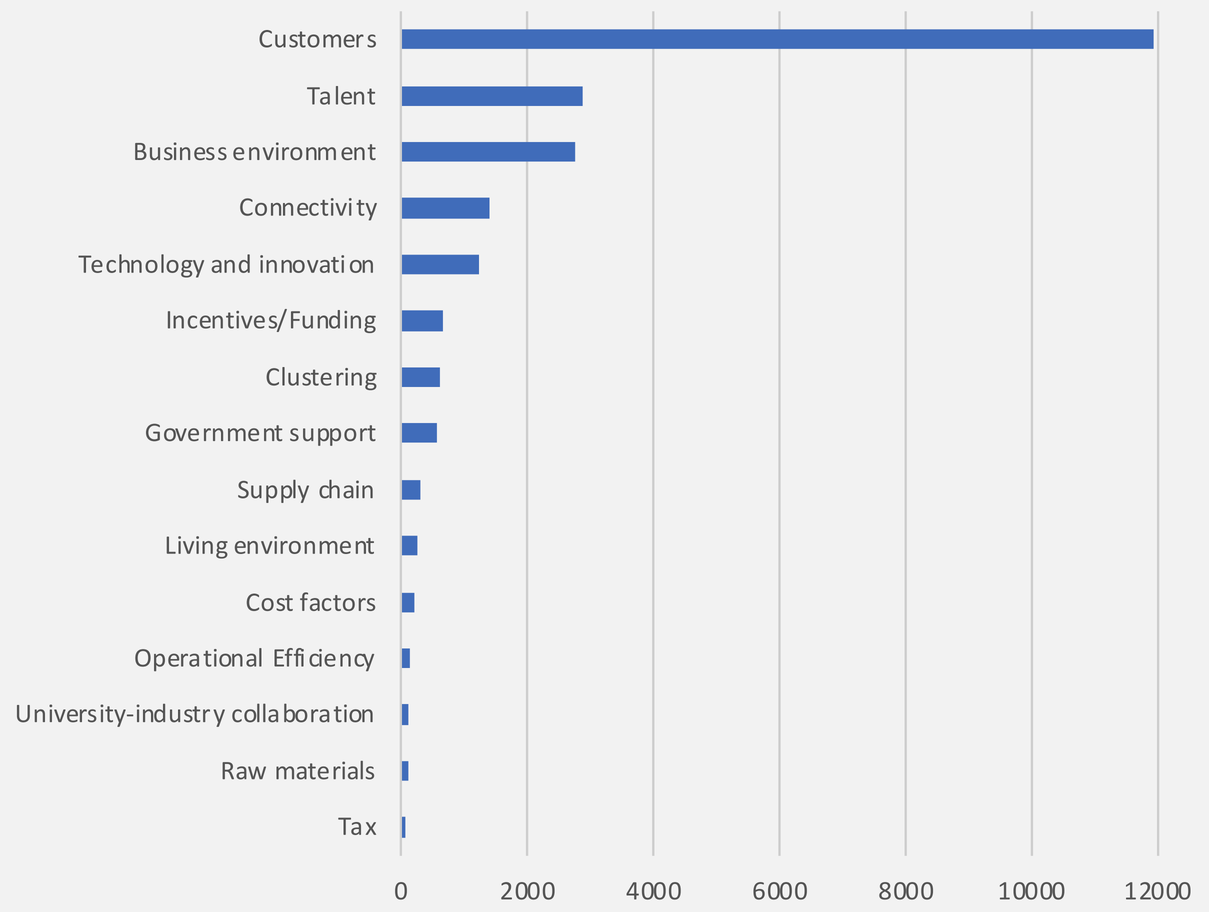
[13] We classify information provided by a company spokesperson(s) when they announce a new FDI project into 15 categories. Note, not every project will mention their reasons for investment, however some may mention multiple motives. Therefore, this analysis should be deemed indicative of the overall reasonings for site selection.

South Korea-based Samsung group expanded its production facility in India due to series of structural reforms undertaken by the Indian Government across sectors, which will catalyze private sector investments and job creation. Moreover, the company also stated “rapid improvement in India’s business friendly policies and ease of doing business helped us make this investment decision. This significant manufacturing expansion is largely in support of our growth plans and ‘Make in India’ vision.”

Incentives/funding is also emerging as one of the more prominent FDI motivations, especially in the case of multi-billion-dollar investments in strategic and/or cleantech sectors. Government support differs from incentives and funding and is mostly non-monetary support from local authorities. Investments where incentives have played a key role include Gotion High-tech building a battery component factory in the US. The company stated that it received $175m in grants and a zoning designation estimated to be valued at $540m. The company will also get more than $36m in loans and tax exemptions.

An example where investors cited government support as a key motivation include France-based Faurecia’s facility expansion in the US. Faurecia invested in Maury County, Tennessee, as the local government promotes existing and new businesses through job training assistance programs, bonus incentives based on location and reimbursable grants. The company stated: “We are excited for this expansion that would not have been possible without the team’s experience, an engaged workforce and local government support. This expansion is another chapter in supporting our employees, our local community and business partners, and commitment to delivering innovative, high-quality solutions to our customers.”

Top motivations for FDI*, by number of citations in greenfield FDI projects, Jan 2019–Jul 2023**



Source: GlobalData’s FDI Projects Database
*For full explanation of each motivation, see methodology section
**In total, 23,287 motives have been recorded across 11,097 FDI projects[14]

[14] Roughly one-in-seven recorded projects have a motive for investment

Inward Investment Performance Index

As FDI is typically market-seeking, larger countries are often deemed to perform better – they receive more FDI. However, an alternative method to assess country performance can be to look at how each country performs relative to the size of its economy. To do this we look at the number of inbound FDI projects a country receives as a proportion of the world total.

This is then divided by the country's GDP as a proportion of world GDP. If the result is greater than one it means that country is winning more than its fair share of FDI given its economic size.
The formula for the inward investment performance index is:

$$IIPI = \frac{\left(\frac{FDI_i}{FDI_w}\right)}{\left(\frac{GDP_i}{GDP_w}\right)}$$

Where i is the individual country, w is the world, FDI is the number of greenfield FDI projects and GDP is the gross domestic product.

The UAE ranks as the leading FDI country so far this year by this metric. The country's score of 8.48 means that it is receiving more than eight times the amount of greenfield FDI projects that one might expect given the size of its economy.

To be included in the index, a country must have received at least ten inward FDI projects between January and July 2023; 77 countries met this criteria. Of these, 57 had an index score greater than one. The remaining 20 had scores below one. Notably, some of the larger economic powerhouses have a score less than one, such as the United States (0.39), China (0.11) and Japan (0.32). So, although the United States is the leading destination country in terms of the number of greenfield projects it receives, it should actually receive even more given the size of its economy. Another way to look at this is that the United States is a bigger player in the world economy than it is in global FDI.

Tunisia ranks 18th Its score of 3.43 means its receipt of inward FDI is more than three-times higher than what might be expected given its economic output.

Inward investment performance index, January-July 2023*

Rank	Country	Score
1	United Arab Emirates	8.48
2	Cambodia	6.01
3	Bahrain	5.57
4	Bulgaria	5.49
5	Serbia	5.33
6	Romania	5.20
7	Poland	5.11
8	Singapore	4.77
9	Costa Rica	4.56
10	Vietnam	4.51
11	El Salvador	4.28
12	Lithuania	4.03
13	Croatia	3.83
14	Portugal	3.68
15	Sri Lanka	3.67
16	Malaysia	3.65
17	Estonia	3.48
18	**Tunisia**	**3.43**
19	Uzbekistan	3.42
20	Luxembourg	3.33

Source: Author calculations based on GlobalData's FDI Projects Database and IMF World Economic Outlook April 2023
*Top countries with at least ten inward FDI projects so far in 2023.
Finland and Kenya have been omitted from the analysis due to each of them receiving a large volume of 5G installation projects, which is distortionary to their overall receipt of FDI.

Case studies

1: Mercedes-Benz Germany

Company Name: Mercedes-Benz
Destination: Jawor, Poland
Sector: Automotive

Project overview:
Mercedes-Benz Group AG, a Germany-based multinational automotive corporation, plans to invest $1.1bn (€1bn to build a new factory to produce all-electric minivans in Jawor, Poland. The company will create 2,500 jobs.

Motives of investment:
• Cost savings and efficiency
• Incentives
• Connectivity
• Supply chain consolidation

Project/location analysis:
• Already has an existing combustion engines facility in Jawor (combustion engine production since 2019 and battery production since 2021)
• New facility will be near the existing facilities in Poland and will be connected to the A4 highway and S3 expressway
• Investment is part of a reorganization of its production network. Production facilities are well connected through Germany, Spain, France and Poland
• Investment continued (solely) after the initial intention to do a joint venture (JV) with Rivian to build large electric vans
• "This shows that we use the excellent conditions and common infrastructure at the established Jawor location to build a new plant for the production of vans," says Mathias Geisen, head of Mercedes-Benz Vans
• The investment location will "will enable optimization of costs and the supply chain as well as energy-efficient production"
•Investment incentives (although not specifically known are key to the location choice)

2: Seiren Japan

Company Name: Seiren Co., Ltd.
Destination: Pecs, Hungary
Sector: Automotive

Project overview: Seiren Co., Ltd., a Japan-based fiber manufacturing company, opened a $42mn manufacturing plant in Pecs, Hungary. The plant will produce some 2.5 million seat covers for Europe's car market with eco-friendly technology. The company will create 170 jobs.

Motives of investment:
• Business environment
• Government support (financial)
• Supply chain
• Customers

Project/Location analysis:
• Japan forms the seventh-largest investor community in Hungary that accounts for 3.9% of the total FDI stock in value of US$4bn
• The government supported the investment with a Ft4.5bn ($12.4m) grant
• Hungary's low taxes, its uniquely stable political system in a European context, and the absence of discrimination based on geography make the country an extremely attractive investment destination
• The company said: "They will build a local supply system within Europe and increase its production capacity for synthetic leather sheet materials, for which demand is increasing, to strengthen its global competitiveness"

Case studies

3: W-Scope Korea

Company Name: W-Scope
Destination: Nyiregyhaza, Hungary
Sector: Automotive – Battery components

Project overview: W-Scope Korea Co Ltd, a South Korea-based battery component manufacturer and subsidiary of Japan-based W-Scope Corporation, plans to invest $757mn (1trn won) to build a battery separator film plant in Nyiregyhaza, Hungary. The facility will create 1,200 new jobs and will turn out 1.2 billion square meters of separator film a year. It will be the world's largest high-speed facility for both bare film lines and coating lines. The investment will further strengthen Hungary's position in the global EV race.

Motives of investment:
• Proximity to European markets
• Cluster of global automotive manufacturers
• Presence of 'home' companies
• Incentives/subsidies
• Connectivity
• Abundant workforce
• Infrastructure development
• Supply chain consolidation
• Policy initiatives

Project/location analysis:
• Two of the three largest South Korean EV makers (SK Innovation and Samsung) are already present in Hungary and are expanding production to meet soaring demand. A major contract has already been signed with Samsung SDI in Göd that will purchase the bulk of the product. SK Innovation and LG will also be among future customers
• Hungary is in a great position to become an EV battery hub because multiple car factories are in a relatively close proximity
• Higher subsidies, which are often undisclosed, are provided to these battery manufacturers
• Smooth logistics infrastructure such as railroads and roads, and an abundant workforce are some of the other enticing factors attracting battery makers
• Recent EU legislation 'Fit for 55' aims to cut greenhouse gas emissions of new passenger autos by at least 55% by 2030 compared with 2021. Its proposal that only zero-emission vehicles should be sold within the single market from 2035 was adopted by the European Parliament earlier in June. The EU legislation is designed to spur demand for EVsin Europe

Case studies

4: Robert Bosch Germany

Company Name: Robert Bosch
Destination: Pecinci, Serbia
Sector: Automotive – Automotive components

Project overview: Robert Bosch, a Germany-based multinational engineering and technology company, has opened a new production unit in its existing comfort actuators factory in Pecinci, Serbia. The new unit will produce car window lifters. The new production unit will employ 300 workers.

Motives of investment:
- University-industry collaboration
- Incentives/subsidies
- Connectivity
- Availability of skilled workforce
- Government support
- Supply chain consolidation

Project/location analysis:
- Already has an existing automotive components factory in Serbia since 2012 that employs more than 1,100 workers. Moreover, the company performs automotive aftermarket and software R&D activities through its Competence Center in Belgrade
- To ensure competent production staff, Bosch initiated a project to introduce the educational profile of an industrial mechanic into a school curriculum in cooperation with the German Agency for Technical Cooperation and the Secondary Technical School in Pecinci, and with the support of the Ministry of Education and Science of the Republic of Serbia. During their education, in addition to theoretical knowledge, students will have the opportunity to gain practical technical knowledge using Bosch equipment at school and during internships at Bosch manufacturing facility. The best students will be guaranteed a job after graduation

Case studies

5: Intel USA

Company Name: Intel
Destination: Wroclaw, Poland
Sector: Electronics – Semiconductor

Project overview: Intel Corp, a US-based technology company, plans to invest $4.6bn to build a new semiconductor assembly and test facility in Wroclaw, Poland. The new facility will help to meet critical demand for assembly and test capacity that Intel anticipates by 2027. The company will create 2,000 new jobs upon completion and the construction of the facility is also expected to create several thousand more jobs.

Motives of investment:
- Cost savings and efficiency
- Talent
- Business environment
- Excellent infrastructure
- Incentives
- Connectivity
- Supply chain consolidation
- Quality of life

Project/location analysis:
- Already has an existing research center in Gdansk since 1999, which is one of the Intel's biggest laboratories in Europe
- The new site in Poland will be well connected with other sites in Europe and will receive chips created on silicon wafers at the Irish and German plants, assemble them into final products, and then test them for performance and quality
- In the face of an unprecedented semiconductor shortage, Europe is offering billions of euros in subsidies in order to reduce its dependence on Asia
- Miekinia and Sroda Slaska municipalities will invest in new roads to the factory, electric buses, a water treatment facility and high-voltage power lines and has allowed Intel to construct buildings 50m (54.68 yards) high, more than the usual 20m restriction
- The Polish Investment and Trade Agency and the Industrial Development Agency played a crucial role in attracting Intel investment by providing prompt response to inquiries and effective resolution of concerns. A team from the agency dedicated to promoting Wroclaw's development prepared a presentation that highlighted the city's quality of life, family friendly facilities, schools, bike lanes, swimming pools, as well as economic and demographic data. Additionally, Intel executives were impressed by the fact that Wroclaw was home to Poland's American football and basketball champions, showcasing the city's sporting achievements

Case studies

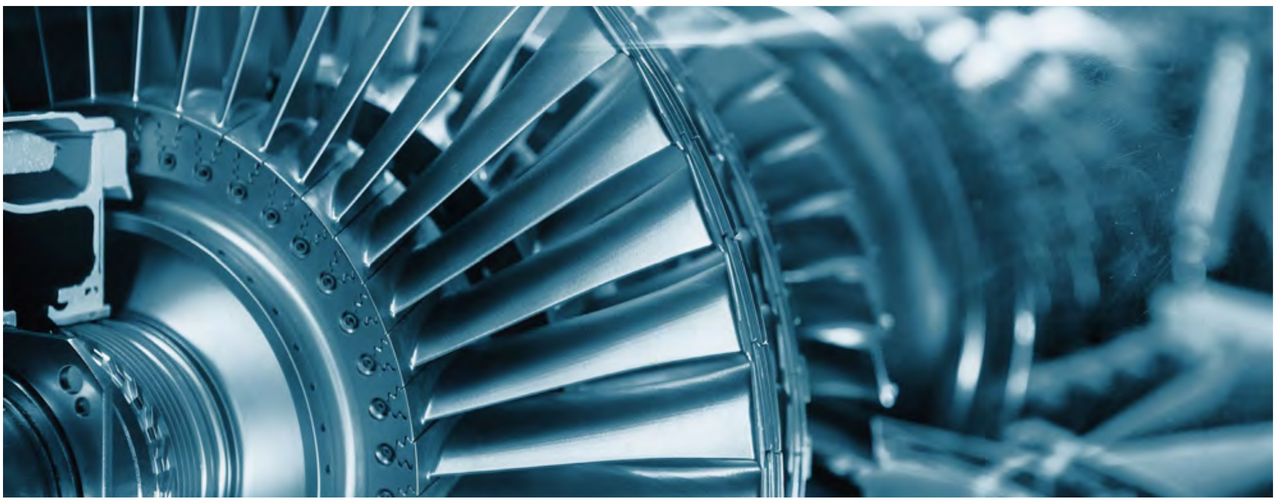
6: Pratt & Whitney USA

Company Name: Pratt & Whitney
Destination: Casablanca, Morocco
Sector: Aerospace – Aerospace components

Project overview: Pratt & Whitney, the US-based company that designs, manufactures and services aircraft and helicopter engines, and a subsidiary of US-based Raytheon Technologies, plans to open a new 12,077m2 manufacturing facility in Casablanca, Morocco. The facility will manufacture detailed static and structural machined parts for various engine models. The new facility is expected to open in 2025. The company will create 200 new jobs by 2030.

Motives of investment:
• Cost savings and efficiency
• Clustering
• Availability of skilled workforce
• Business environment
• Government support (non-financial)
• Closer to African customer base

Project/location analysis:
• Morocco was selected after a global benchmarking exercise due to its growing hub of aerospace companies, cost of business and trained, available talent
• "Morocco offers many benefits for aerospace manufacturing," said Maria Della Posta, president, Pratt & Whitney Canada. "The growing aerospace community in Casablanca ensures a highly valuable talent pool, a positive economic environment and the support from Morocco's government"
• The new greenfield facility will be spread across 130,000ft2 and built with lean principles and CORE methodology to drive efficiency and quality and reduce costs



Case studies

7: Profine Energy Germany

Company Name:
Profine Energy
Destination:
Novi Sad, Serbia
Sector:
Renewable – Solar Power

Project overview:
Profine Energy, a Germany-based developer of solar energy projects and a subsidiary of the Profine group, plans to invest $2.1bn (to develop a new 450MW photovoltaic solar plant in Novi Sad, Serbia. The plant will be built on an area of 800ha.

Motives of investment:
• Customers
• Vertical integration
• Supply chain management

Project/Location analysis:
• Profine Energy is a JV between Germany-based Profine Group and Wirth Group, a construction company based in Germany. The JV aims to develop solar, wind and biomass projects near the production facilities of Profine Group, a leading manufacturer of PVC profiles for windows and doors
• In 2022, Profine group acquired 60,000m2 site in Serbia to open a new production facility to manufacture PVC profiles. In addition, a large photovoltaic system is planned on an adjacent site, which will supply environmentally friendly electricity both for the company's own needs and for interested local partners
• The ground-mounted solar array in Serbia will be near a planned carbon-free industrial park to be built on an area of some 800ha between Belgrade and Novi Sad
• The solar park will cover the energy needs of Profine itself and interested companies whose production facilities will be located in the industrial zone. These include an unspecified number of original equipment manufacturers from the automotive sector
• For Dr Peter Mrosik, owner and CEO of the profine Group: "The project is about sending a clear signal to customers and a strategic investment for the challenges of tomorrow: the new location is a trend-setting step for the growth of our company. Decentralized production means increased service for our customers and contributes to our focus on sustainability. We manufacture our profiles where they are needed and thus save significantly on transport. With the photovoltaic system, we also supply sustainable energy"

Case studies

8: Eren Group Turkey

Company Name: Eren Group
Destination: Noun, Morocco
Sector: Renewable – Green Hydrogen

Project overview: Total Eren SA, a France-based renewable energy company and a subsidiary of Luxembourg-based Eren group, plans to invest $10.7bn to execute a hydrogen and green ammonia production project on 170,000ha of land in Guelmim-Oued Noun, Morocco. The project will be operational by 2025 and the first production will begin in 2027. Morocco intends to establish a four terawatt-hour (TWh) domestic energy market as well as a 10TWh export market by 2030.

Motives of investment:
- Low production cost
- Favorable demographics
- Business environment
- Government support (non-financial)
- Policy initiatives

Project/location analysis:
- Morocco has the potential for renewable energy production owing to coastal regions that are well-suited for harnessing wind power, as well as its capability to generate energy through the utilization of solar panels
- The production cost associated with green hydrogen is notably less in Morocco compared with Europe, or other potential countries such as Australia or Canada
- Morocco has set up ambitious green energy targets, pledging to source 80% of its energy from renewable sources by 2050
- On 14 June 2021, Morocco announced a partnership with the International Renewable Energy Agency to transition to a green hydrogen economy
- Morocco signed a “green partnership” deal with the EU in Rabat. Both Brussels and Rabat are pursuing ambitious climate-oriented or green policies, and cooperation is possible from natural gas to renewables

Case studies

9: ReNew Power India

Company Name: ReNew Power
Destination: Suez, Egypt
Sector: Renewable – Green Hydrogen

Project overview: ReNew Power, an India-based renewable energy company, in partnership with Elsewedy Electric, an Egyptian multinational electrical company, plans to invest $8bn (Rs665.69bn) to set up a green hydrogen plant in the Suez Canal Economic Zone in Suez, Egypt. The project is scheduled to be implemented in phases, the first of which is a pilot phase to produce 20,000 tons of green hydrogen, along with derivatives, annually. The pilot phase project is expected to be commissioned in 2026.

Motives of investment:
- Low production cost
- Favorable demographics
- Business environment
- Government support (non-financial)
- Robust infrastructure
- Policy initiatives

Project/location analysis:
- Egypt has demographic advantages such as its location on the Mediterranean, and has the capacity to produce solar and wind power at lower cost
- According to EDF Renewables, Egypt has abundant renewable energy sources generated from wind and solar resources, in addition to its robust transmission network and a unique geographical location
- Egypt signed a framework agreement during COP27 as part of Egypt's Green Hydrogen Strategy. The overall project is based on a mix of more than 2GW of wind and solar renewable energies to be implemented in phases and aiming to power a 700 MW electrolyzer to produce green hydrogen and ammonia
- According to the Egypt Cabinet, the new green hydrogen strategy will see green hydrogen contribute $10bn (E£309.04bn)–$18bn to Egypt's GDP by 2025. By then, green hydrogen's production cost in Egypt would be $2.7 per kilometer, which will be slashed to a more competitive $1.7/km in 2050. The strategy will add 100,000 jobs and decrease the country's reliance on hydrocarbons

Case studies

10: Jamjoom Pharmaceuticals Saudi Arabia

Company Name: Jamjoom Pharmaceuticals
Destination: Obour, Egypt
Sector: Pharmaceuticals – Drug Manufacturers

Project overview: Jamjoom Pharmaceuticals, a Saudi Arabia-based pharmaceutical manufacturing company, has invested $51mn (SR191.25m) to build a new 15,527m2 factory in Obour City, Qalyubia Governorate, Egypt. The factory will have an industrial capacity of about 41 million units annually, covering most medical specialties such as eye drops, tablets, hard gelatin capsules, creams and ointments for the skin, and will create 400 new jobs.

Motives of investment:
- Customers
- Policy initiatives
- Government support (non-financial)
- Business environment

Project/location analysis:
- Jamjoom Pharma wants to make Egypt its regional center for exporting to African countries over the next three years
- In an effort to reduce dependency on imports and achieve self-sufficiency, Egypt is actively promoting investments in local manufacturing of pharmaceutical products, improving contribution to the GDP and providing its citizen access to affordable health care
- Pharmaceutical products of local companies are estimated to contribute around 56% of the overall pharmaceutical market. New investments and factories from companies like Merck, Jamjoom Pharmaceuticals, Abbott and Pfizer in Egypt are likely to make the country one of the biggest pharmaceutical hubs in the Middle East and North Africa region

11: Moderna USA

Company Name: Moderna
Destination: Nairobi, Kenya
Sector: Pharmaceuticals – Drug Manufacturers

Project overview: Moderna Inc., the US-based pharmaceutical and biotechnology company, plans to invest $500mn to open a new mRNA vaccine factory in Nairobi, Kenya. The facility will focus on drug substance manufacturing and could also be expanded to include fill/finish and packaging capabilities. Moderna aims to pump out 500 million doses, including Covid-19 shots, every year.

Motives of investment:
- Government support (non-financial)
- Business environment
- Customers

Project/location analysis:
- First-of-its-kind facility on African continent
- The company said: "We would like to thank the Government of the Republic of Kenya for their support in bringing our mRNA manufacturing facility to Kenya and thank the US Government for assisting us in this process"
- Moderna CEO Stéphane Bancel said: "The finalization of our agreement with the Government of the Republic of Kenya is a key pillar of our global public health strategy, where we hope to bring mRNA innovation to the people of Africa in areas of high unmet need such as acute respiratory infections, as well as persistent infectious diseases like HIV and outbreak threats such as Zika and Ebola. This also demonstrates our confidence in the investment climate in Kenya and the importance of utilizing mRNA technology to build resilience in healthcare security in Africa"

Case studies

12: Recipharm Sweden

Company Name: Recipharm
Destination: Ben Slimane, Morocco
Sector: Recipharm – Drug Manufacturers

Project overview: Recipharm AB, a Sweden-based pharmaceutical contract development and manufacturing organization (CDMO), plans to build a new fill finish factory in Ben Slimane, Morocco. The project is expected to cost between €400mn (Skr4.75bn) and €500mn, with financing coming from the Moroccan Government, a consortium of the country's banks and Recipharm. The facility will focus on the fill finish of vaccines and will feature three industrial lines, which are forecast to produce more than 100 million units in 2024. The facility is being constructed on a 30ha greenfield site and is expected to be operational by 2023. The facility will create around 100 new jobs.

Motives of investment:
- Government support (non-financial)
- Government support (financial)
- Business environment
- Customers

Project/location analysis:
- The company has signed a memorandum of understanding (MOU), along with His Majesty the King of Morocco, Mohammed VI, the Moroccan Government and a consortium of the country's leading bank. Around $500mn will be invested by the Moroccan Government and consortium over the next five years to establish both capacity and capability for the manufacturing of vaccines and biotherapeutics in Morocco
- The investment is primarily to supply the African continent and help it gain vaccine sovereignty and access to future biotherapeutics

13: IBM USA

Company Name: IBM
Destination: Novi Sad, Serbia
Sector: Software and IT Services

Project overview: International Business Machines Corporation (IBM), a US-based information technology company, has opened a new development center in Novi Sad, Serbia. The new facility will focus on the development and support of solutions in the areas of data, AI and automation, and will empower collaboration between IBM and its partner ecosystem to co-create solutions for the global industry.

Motives of investment:
- Customers
- Talent
- Clustering

Project/location analysis:
- Already has presence in Serbia through a sales office and the new development center serves as another office in Serbia, which will deal with very specific technology development
- Novi Sad is home to nearly 900 IT companies, collectively employing a workforce of more than 10,000 skilled professionals

Case studies

14: Optiva Canada

Company Name: Optiva
Destination: Osijek, Croatia
Sector: Software and IT Services

Project overview: Optiva Inc., a Canada-based provider of communications service providers with cloud-native revenue management software on the private and public cloud, has opened a new R&D Centre of Excellence in Osijek, Croatia.

Motives of investment:
- Customers
- Talent
- Technology and innovation
- University-industry collaboration

Project/location analysis:
- Optiva chose Osijek, Croatia, because of its concentration of engineering experience and talent including universities, business partnerships and opportunities in the city and region

15: Atos France

Company Name: Atos SE
Destination: Cairo, Egypt
Sector: Software and IT Services

Project overview: Atos SE, a France-based information technology service and consulting company, has opened a new global delivery center (GDC) in Cairo, Egypt. The new GDC will enable the company to boost its offshore delivery capability and explore business prospects from the wider region. The company plans to hire 1,000 employees over the next 12 months with an emphasis on local talent.

Motives of investment:
- Customers
- Talent
- Robust infrastructure
- Government support (non-financial)

Project/location analysis:
- Bérénice Chassagne, head of growing markets at Atos, said: “Egypt is an excellent location for a new Atos GDC, not only because of its strategic geographic location and good infrastructure but also its robust language capabilities and diverse culture. It is strategically located to provide our customers with all the benefits of scale and flexibility. The decision to open a new Global Delivery Center in the city of Cairo reinforces our commitment to growing markets as one of our key elements in ensuring optimized and high-quality delivery to our clients”
- Leveraging Egypt’s diverse and skilled workforce and strong support from the Ministry of Communications and IT, Atos aims to provide cutting-edge, best-in-class digital services to its clients across the globe

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List of FDI motivations

FDI Motivation	Definition
Business environment	The company said it has invested due to a good business environment. This may be the local economy growing (leading to increased demand) or political/economic/regulation factors that encourage FDI.
Clustering	The company said it has invested in the location because of a strong industry cluster (other companies in similar industries are present and are successful). In FDI, we see a domino effect. One company enters a new market and is successful, then competitors invest in the same location.
Connectivity	The company said it has invested due to the location's connectivity in terms of infrastructure (road, rail, air) and/or ICT (high broadband speeds) or utilities (well-connected to the grid)
Cost factors	The company said it has invested due to cost factors (companies may establish a manufacturing facility in eastern Europe due to lower costs compared to other locations).
Customers	The company said it has invested to be closer to its customer base and/or access a new customer base.
Government support	Slightly different to the incentives/funding motive. This motive relates more to a supportive role (help with finding facilities, site visits, sourcing talent).
Incentives/Funding	The company said it has invested due to incentives provided by a government/government agency, such as https
Technology and Innovation	The company said it has invested due to the innovation taking place in the location. This may be a strong local network, technologies or innovation practices.
Living environment	The company said it has invested due to the quality of the living environment of the location. It can be a variety of areas (good air quality, good nightlife, low cost of living, accessible to shops/sports/communities).
Raw materials	The company said it has invested due to the raw materials/natural resources available. Typically linked to energy/extraction projects – a windy city for wind power production, a location with many hours of sunshine for solar power, or a location with raw materials that can be mined).
Supply chain	The company said it has invested due to a strong supply chain (an automotive company may establish itself in a location due to smaller companies being present that can help produce components for vehicles).
Talent	The company said it has invested due to the location's talent capabilities. It may generally cite a strong workforce/people, large graduate (students) pools. Additionally, it may cite more specific measures such as language skills.
Tax	The company said it has invested due to tax reasons (reduced corporation tax, tax relief, tax breaks) Typically, free zones offer tax relief, and many companies invest in these areas because of this factor.
University-industry collaboration	The company said it has invested due to the capabilities/linkages/offerings of universities or other research departments (a pharmaceutical company may partner with a university research department to develop a new drug).
Operational Efficiency	A motive when the company chooses to be in a location to benefit their operations by complementing with the existing base in that location.

Methodology and disclaimer

Methodology

GlobalData's FDI research team scans thousands of company press releases and national, regional and global publications on a daily basis, in a variety of languages, to identify greenfield FDI projects. Each identified project is then classified into a proprietary taxonomy, which allows for aggregations and analysis. All projects are quality-controlled by experienced FDI experts and only then included in GlobalData's FDI Projects Database. Greenfield FDI is tracked in real time from 2019. Greenfield FDI is defined as a company expanding its operations in a foreign country. The company must create a physical presence, which involves some form of capital investment and/or job creation. Our greenfield FDI excludes retail investments. Other forms of non-greenfield FDI such as mergers and acquisitions, equity transfers, retail investments and venture capital are also excluded.

Disclaimer

 The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that GlobalData delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such, GlobalData can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

About Investment Monitor

Investment Monitor (investmentmonitor.ai) is a digital publication providing in-depth information on corporate cross-border expansion.

Powered by data and created by the industry's leading business journalists and FDI experts, *Investment Monitor* is essential reading for executives involved in shaping their companies' global strategies, corporate advisers and other key players in the global FDI ecosystem.

Our mission is to explain how the world is changing for decision makers in need of data-driven answers.

Network Effect

Investmentmonitor.ai is one of a network of 30+ proprietary B2B websites, with an unrivalled global audience of active decision makers, influencers, and opinion leaders across the world with a combined readership of 55 million industry professionals each year.

Unique Data

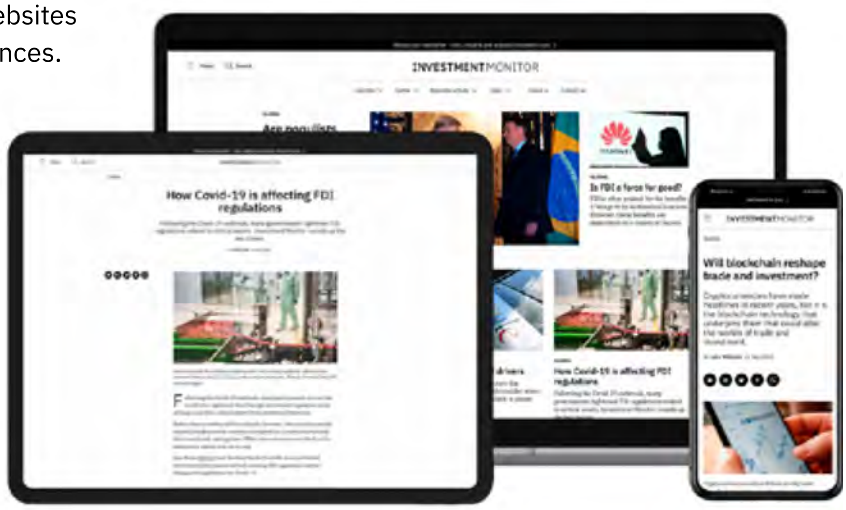
As part of GlobalData, we have access to over 1bn data points including companies, deals, projects and forecasts and trends. Leading data informs and supports our industry-leading content. With expertise spanning more than 80 markets globally and driven by 800+ award-winning journalists, researchers, and analysts, we connect you with the information that makes and breaks businesses every day.

Targeting Technology

Combined with our award-winning targeting technology built into our network of websites, we offer a unique end-to-end marketing solution combining insight, creativity, and cutting-edge AI-technology. Our marketing solution allows clients to identify, target and engage with prospects using access and ownership of our 30+ B2B media websites and their large sector specific audiences.

Marketing Campaigns

With more reach, data targeting and first-party data than any other partner, we produce world-class campaigns for our clients. For more details on our technology-driven marketing solution visit www.verdictmediastrategies.com



GlobalData. INVESTMENT MONITOR

About GlobalData

GlobalData is a leading provider of data, analytics, and insights on the world’s largest industries.

In an increasingly fast moving, complex, and uncertain world, it has never been harder for organizations and decision makers to predict and navigate the future. This is why GlobalData’s mission is to help our clients to decode the future and profit from faster, more informed decisions. As a leading information services company, thousands of cleints rely on GlobalData for trusted, timely, and actionable intelligence. Our solutions are designed to provide a daily edge to professionals within corporations, financial institutions, professional services, and government agencies.

Unique Data

We continiously update and enrich 50+ terabytes of unique data to provide an unbiased, authoritative view of the sectors, markets, and companies offering growth opportunities across the world’s largest industries.

Expert Analysis

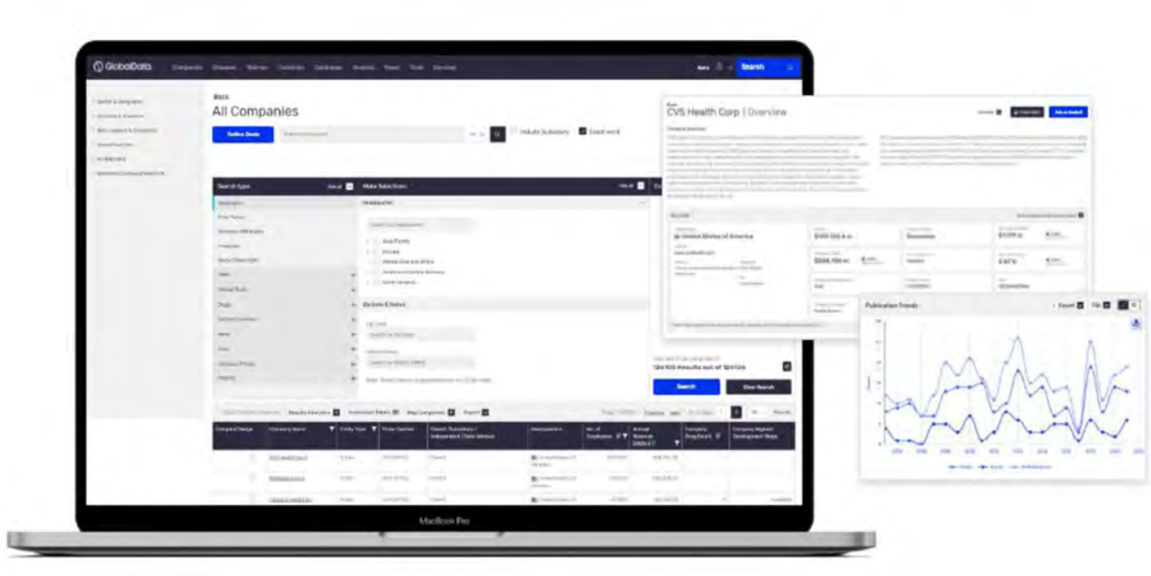
We leverage the collective expertise of over 2,000 in-house industry analysts, data scientists, and journalists, as well as a global community of industry professionals, to provide decision-makers with timely, actionable insight.

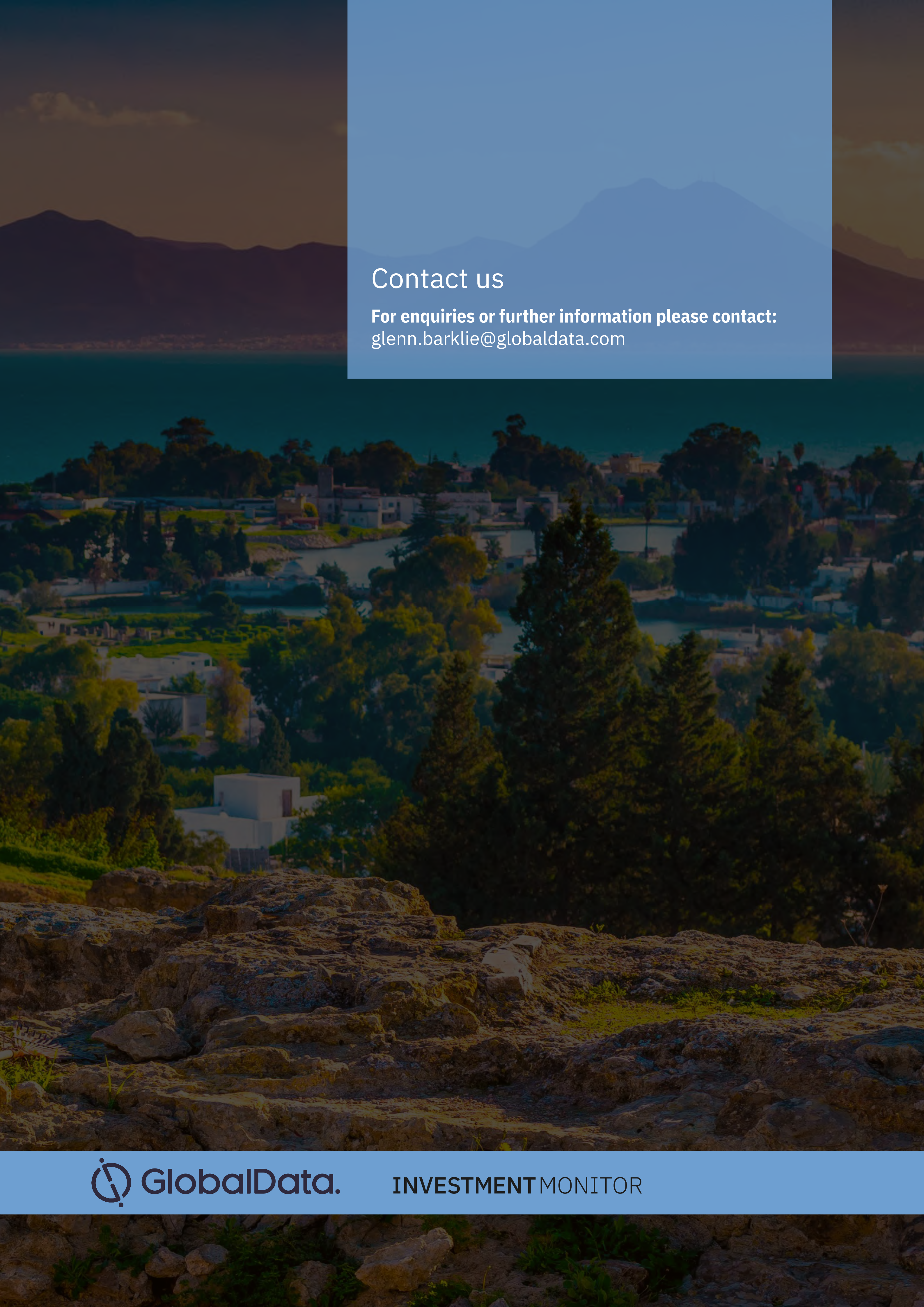
Innovative Solutions

We help you work smarter and faster by giving you access to powerful analytics and customizable workflow tools tailored to your role, alongside direct access to our expert community of analysts.

One Platform

We have a single taxonomy across all of our data assets and integrate our capabilities into a single platform - giving you easy access to a complete, dynamic, and comparable view of the world’s largest industries.





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