



IBM Global Business Services
PLI – Global Location Strategies

Global Location Trends 2006

Launch of study results at IEDC Annual Conference

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Global Co-Leaders PLI – Global Location Strategies

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1. Global Overview
2. Focus on North America
3. Conclusions and Implications



GILD – Global Investment Locations Database

- GILD is a unique database developed by PLI – Global Location Strategies that records investment project **announcements** around the world on an ongoing basis. Key objective of GILD is to monitor the location decisions made by corporate executives.
- GILD monitors corporate investments at the ***project level***. It records announcements of new (greenfield) and expansion projects by companies globally. M&As and other forms of investment are not included, except if they lead to a new or expansion project
- For each investment project announcement we aim to capture **details** on the investor, origin, location of investment, (sub-)sector and cluster, type of investment, jobs created, capital invested, etc.
- GILD is used to inform corporate investors where recent investment is going, and as such provides **key input for identifying location options**
- GILD allows very **detailed analysis** of recent investment trends by sub-sector, and activity, identifying location's market share in attracting cross border investment, monitoring target countries, and so forth

IBM's Annual Report: Global Location Trends 2006

- Our 2006 report includes analysis of foreign investment projects only.
- Moreover, focus is on so-called 'contestable' or 'mobile' investment projects, for which it is reasonable to believe that there was a free choice of location among multiple (international) options; retail, and such are excluded from this analysis
- Data analyzed for this report are gathered via a variety of (public as well as confidential) sources. While strong efforts have been made to be as complete as possible, it is impossible to reach a 100% coverage for all countries and regions.
- Analysis concentrates on job creation, which we consider a better indication of geographical investment impact than capital investment data, which include pure financial transactions. Also project related investment capital is frequently distributed over multiple regions and/or countries.
- The data are believed to provide the best possible insight in global location trends, as they reflect corporate decisions where to locate their businesses.



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Global Overview

Overall Global Investment Results in 2006

- For 2006, PLI – Global Location Strategies registered:
 - 10,500 foreign investment project announcements
 - 1.5 million jobs estimated

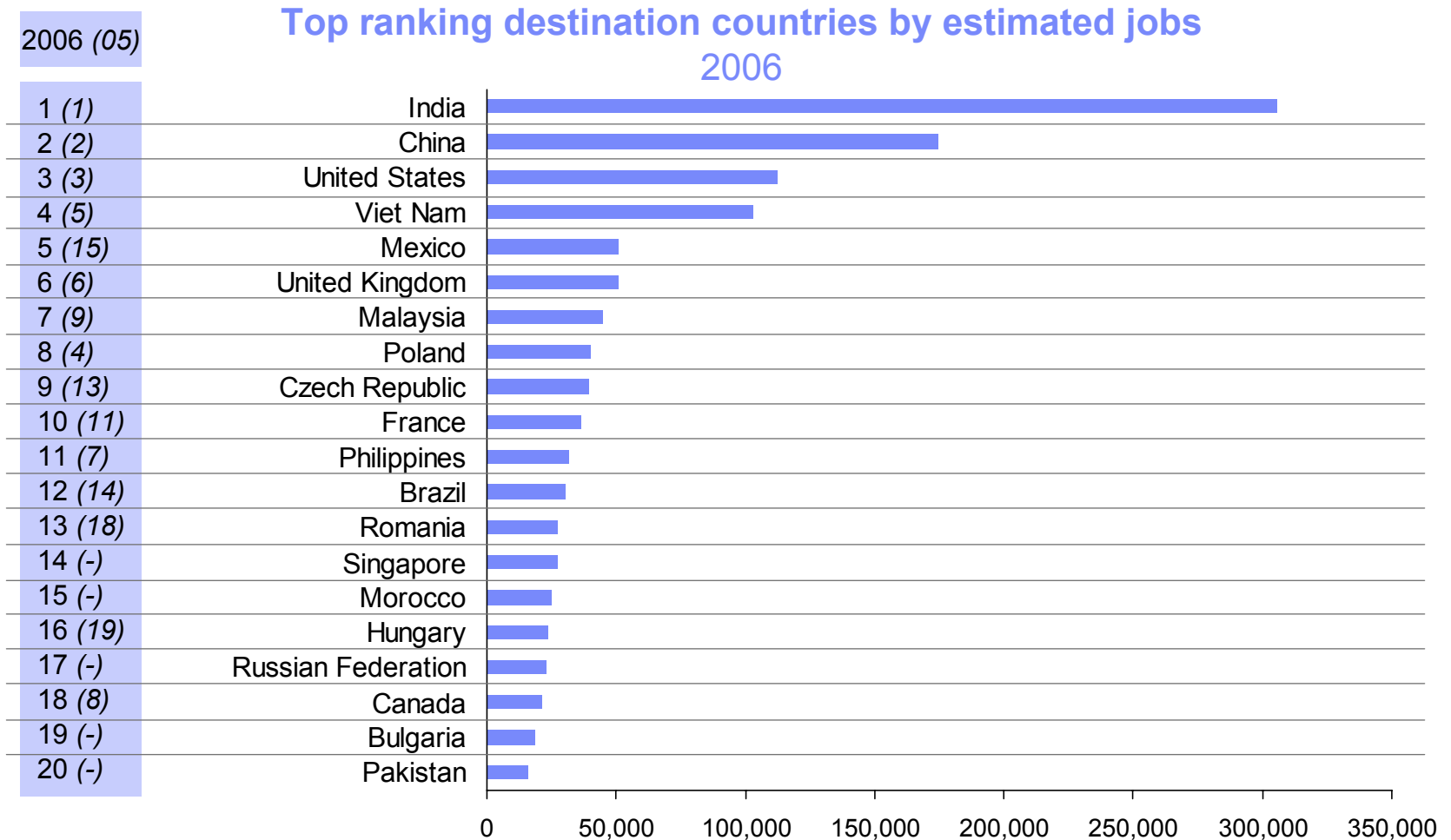
- An increase of over 20% from 2005!

- Strong economic growth for various years across the globe

- Growing acceptance of emerging markets as investment destinations: 73% of jobs are created in top 15 countries (85% in 2005)

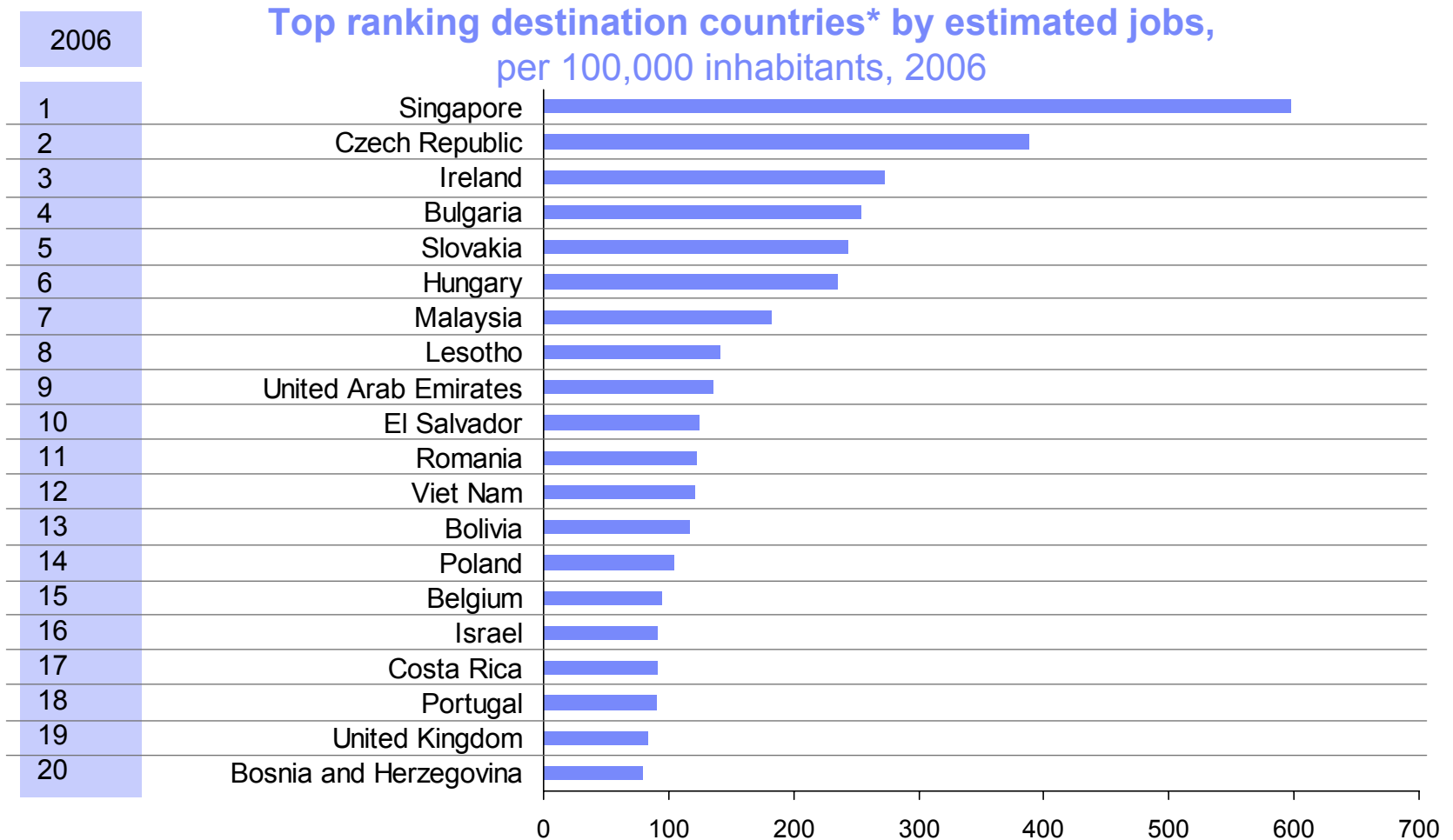
India continues to create more jobs, and remains in the lead

New emerging markets moving up, Vietnam particularly



Source: IBM-PLI Global Investment Locations Database (GILD)

Singapore & Ireland, plus Central and Eastern Europe create most jobs relative to their local population

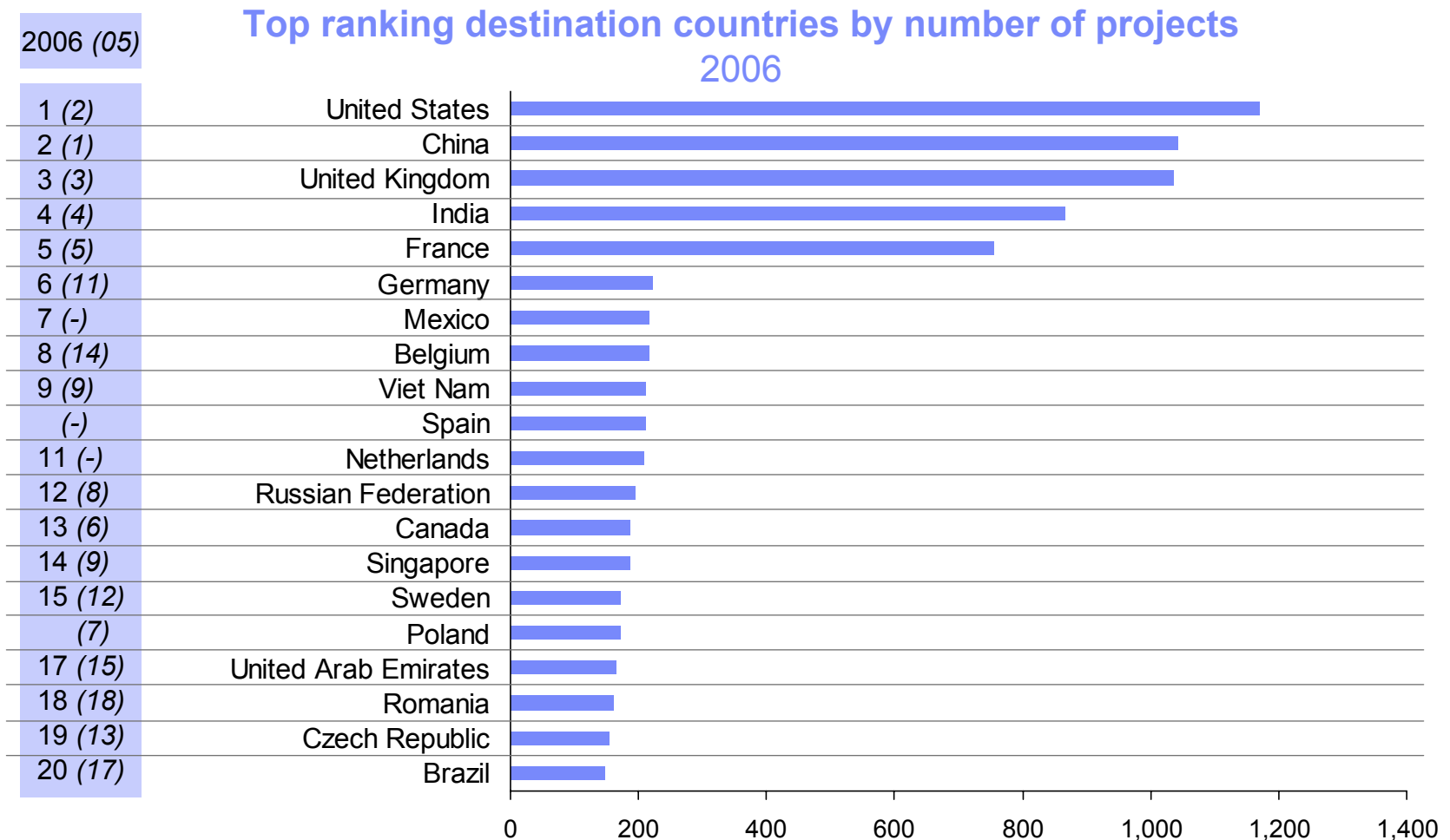


Source: IBM-PLI Global Investment Locations Database (GILD)

* Countries with less than 1 million inhabitants not included

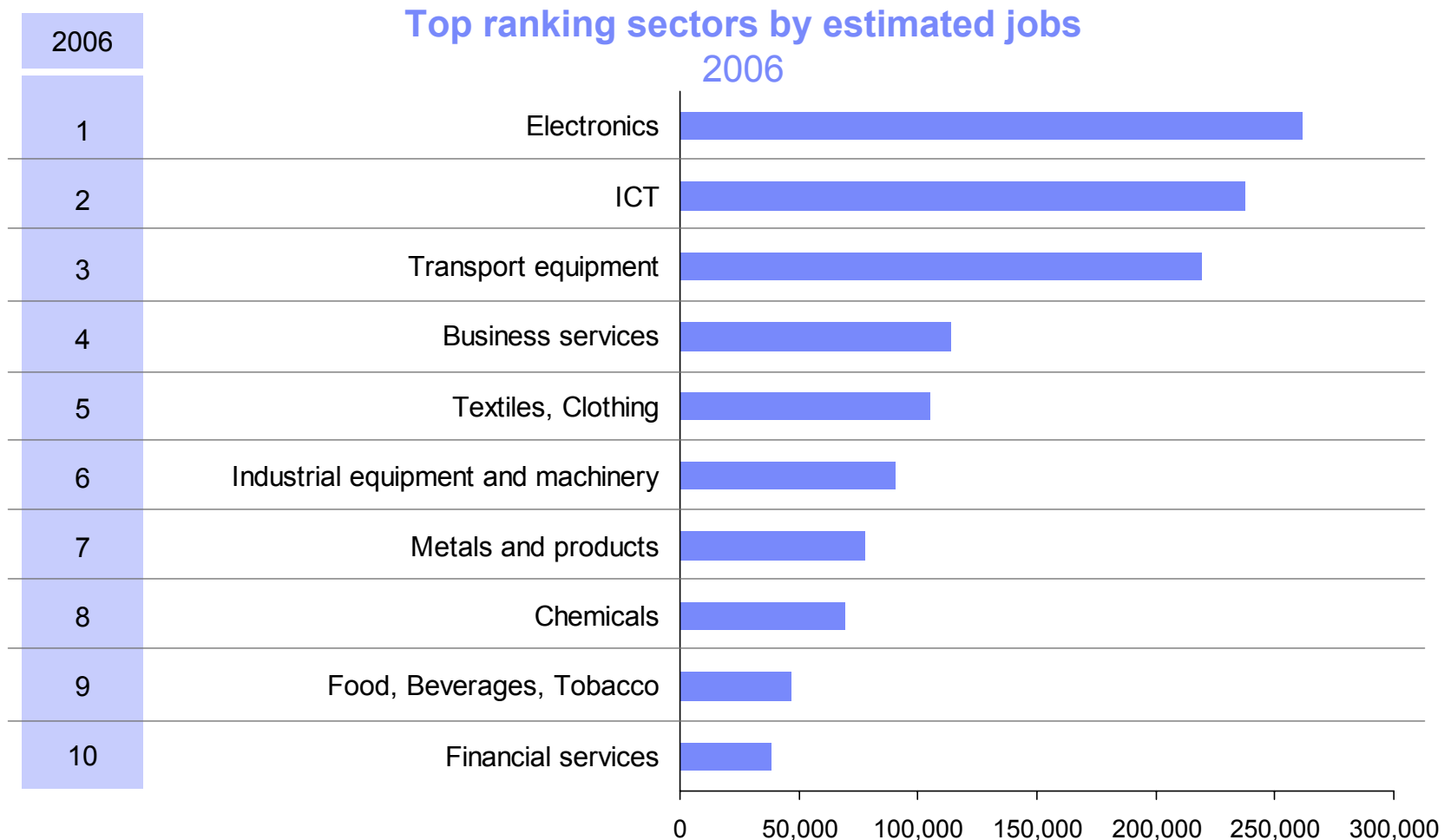
Mature economies attract most projects, but many are small

Record numbers for UK, France, Netherlands, Belgium



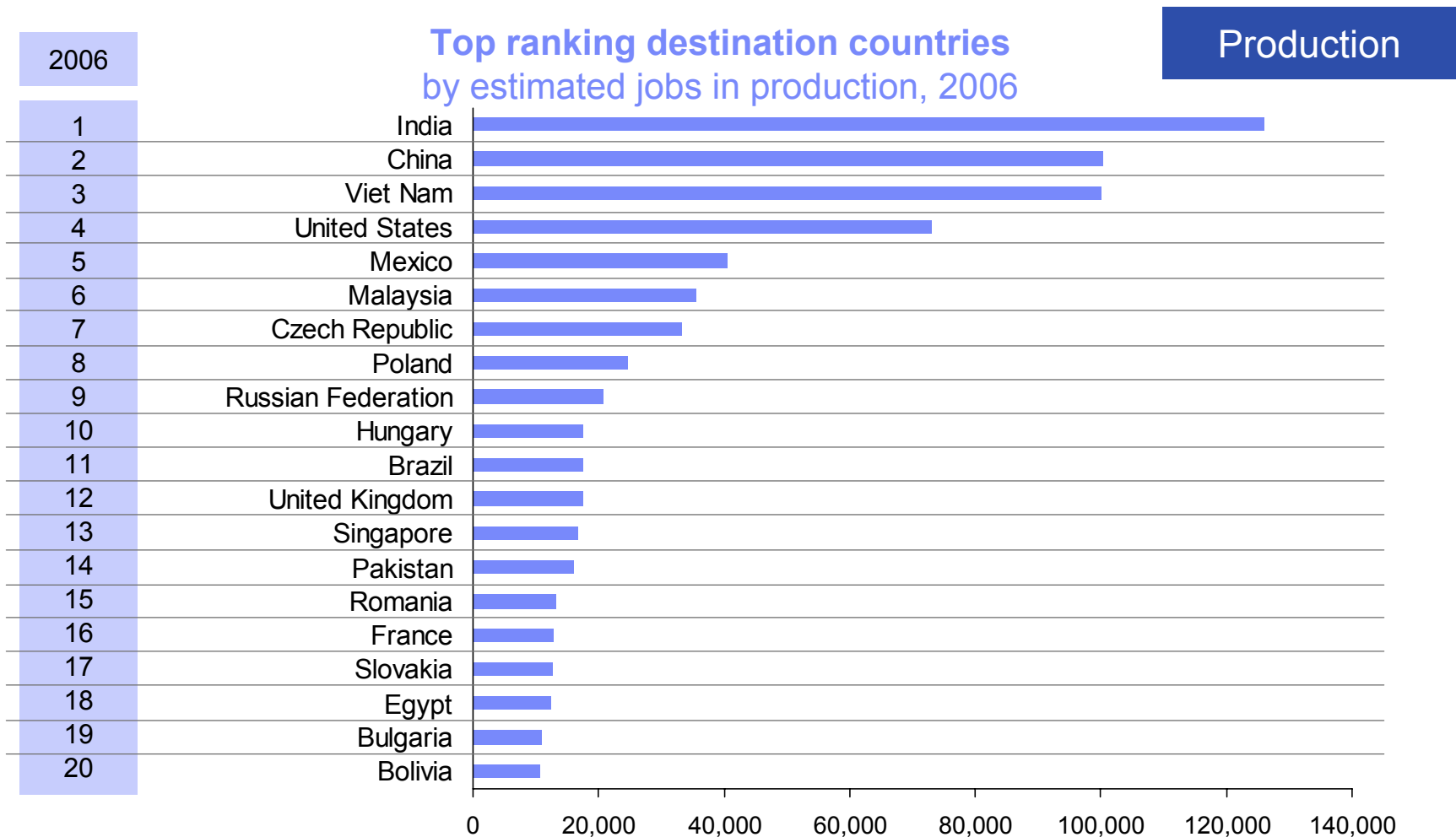
Source: IBM-PLI Global Investment Locations Database (GILD)

Most jobs through foreign investment are created in ICT, Transport equipment (automotive) and electronics



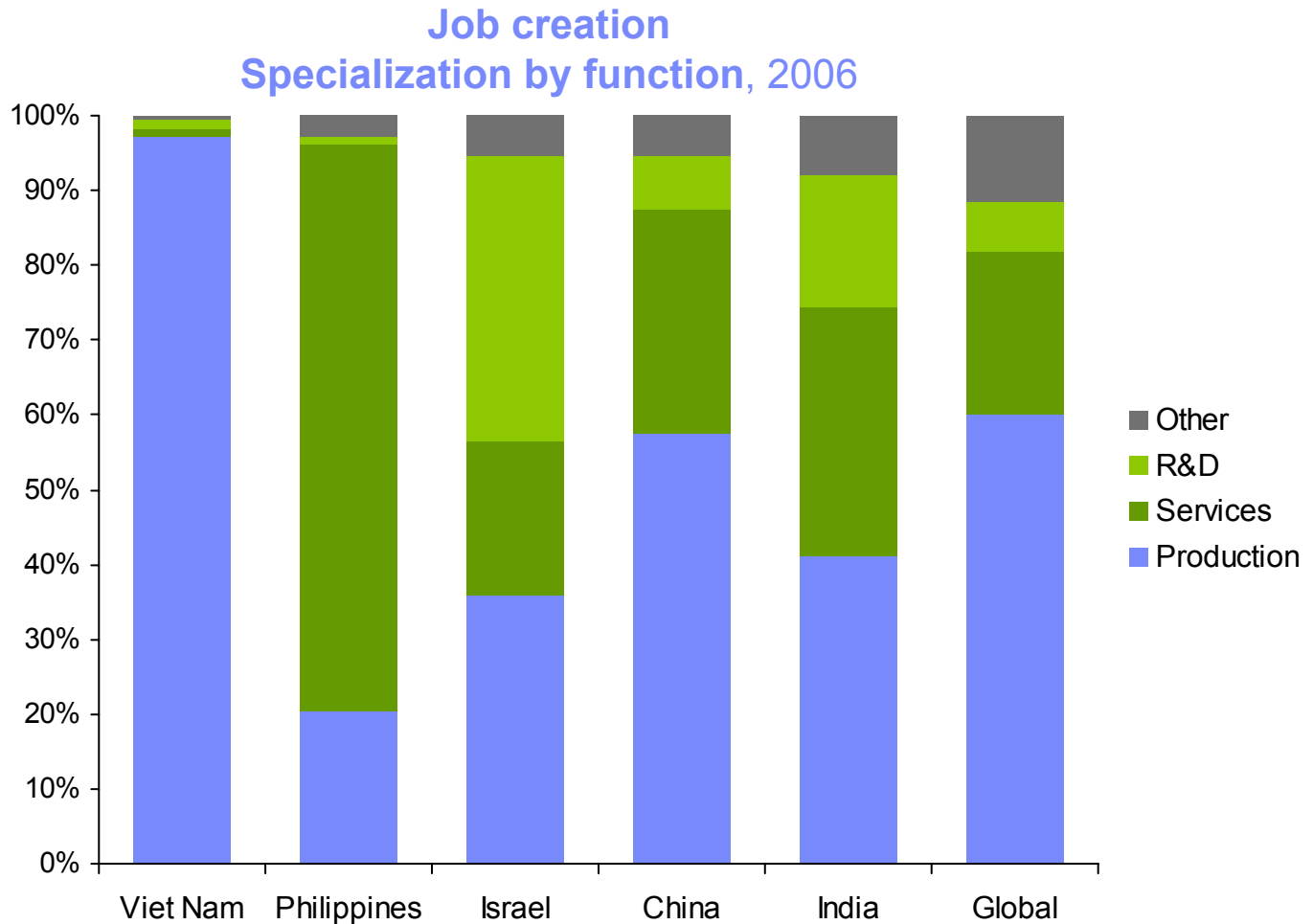
Source: IBM-PLI Global Investment Locations Database (GILD)

India takes over lead as production destination from China, which in turn is challenged by Vietnam. Ranking is dominated by transition countries and new emerging markets

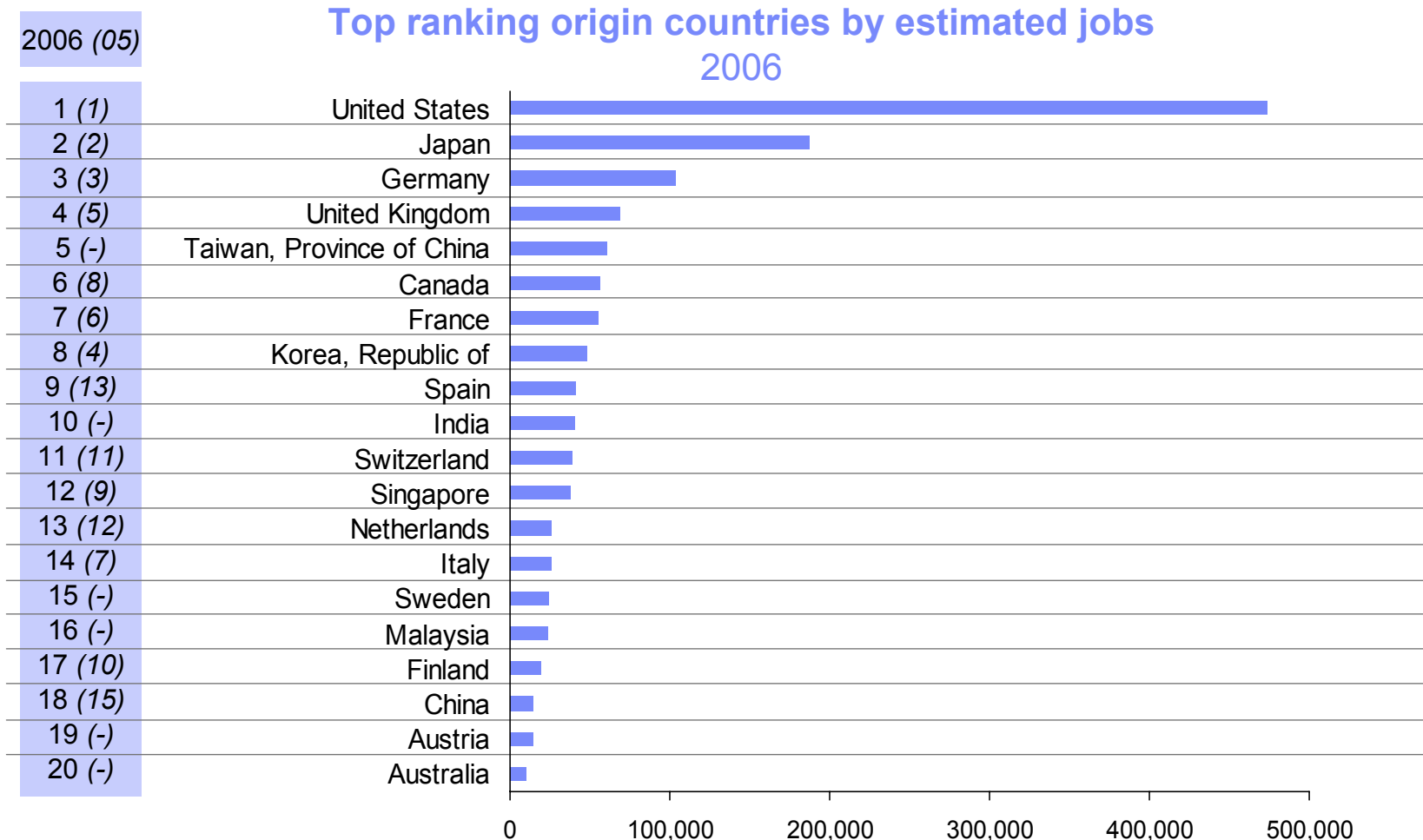


Source: IBM-PLI Global Investment Locations Database (GILD)

Vietnam concentrates heavily on production; Philippines in services; Israel is R&D hub; India and China less pronounced

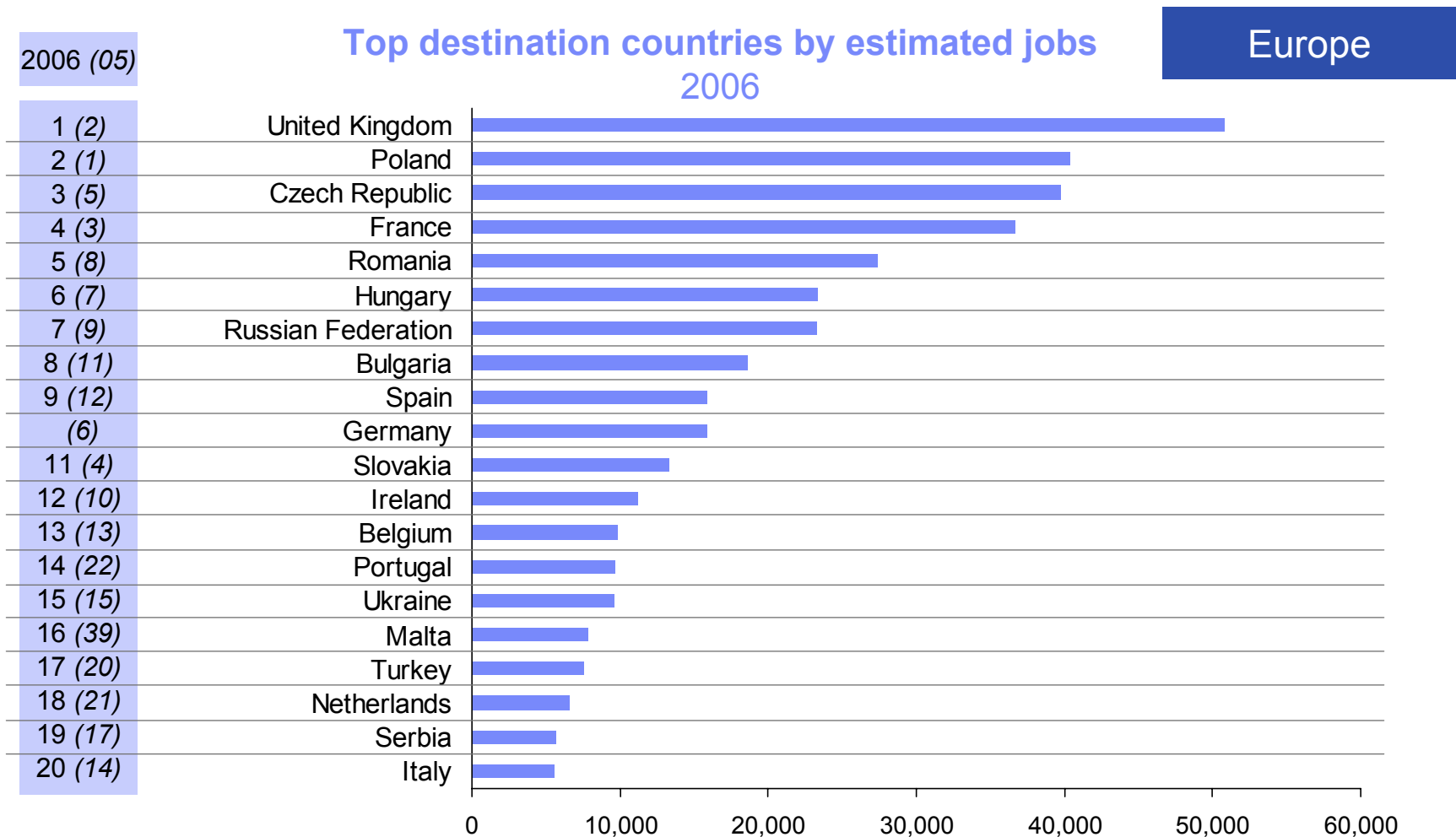


US companies are strongest job creators in other countries India is a fast growing job creator, both overseas and domestic



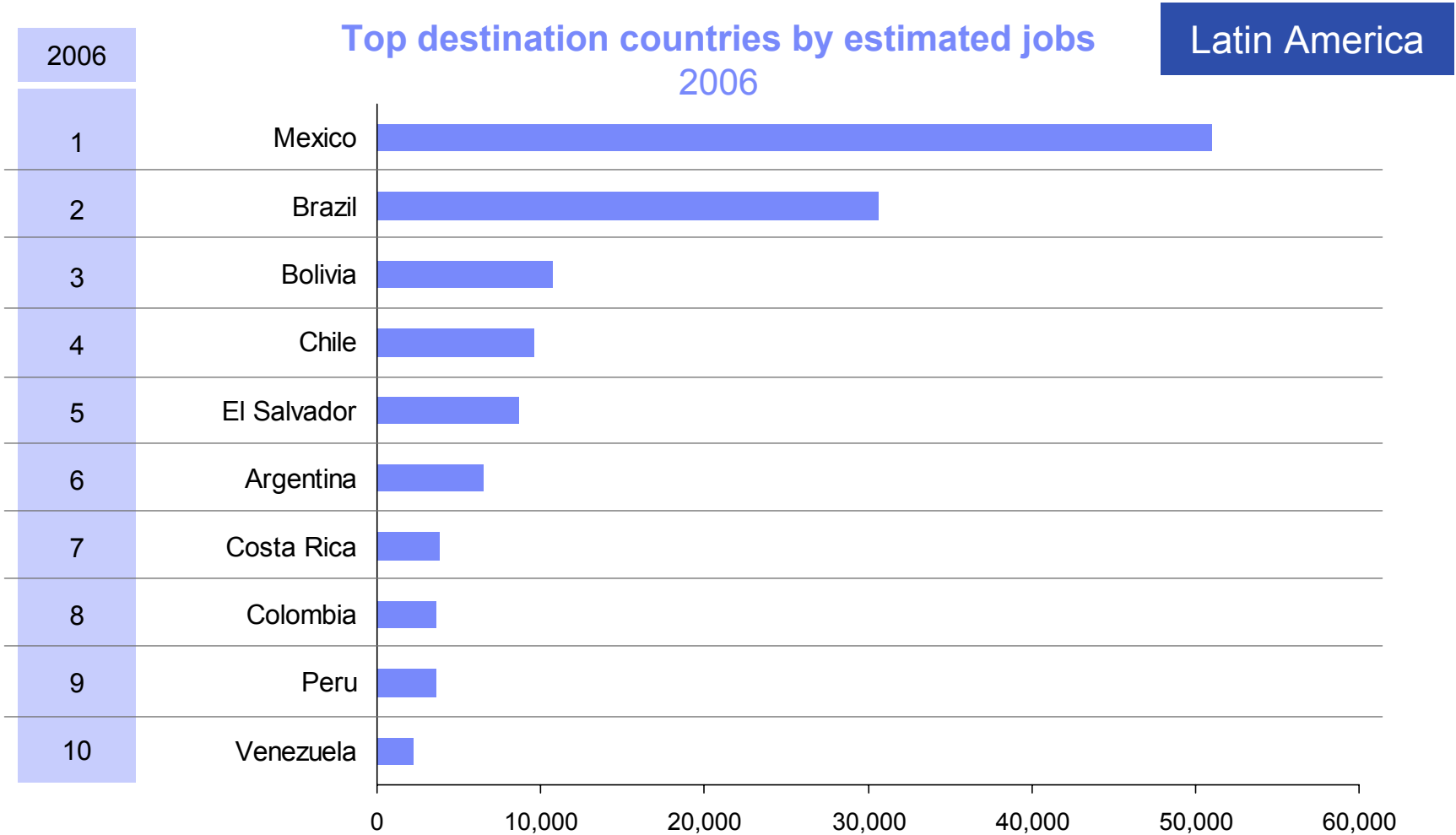
Source: IBM-PLI Global Investment Locations Database (GILD)

UK regains no 1 position in job creation; Southeastern Europe becoming strong competitor for Central Europe



Source: IBM-PLI Global Investment Locations Database (GILD)

Mexico takes lead after very strong year, mainly for production; Brazil attracts stronger variety of projects



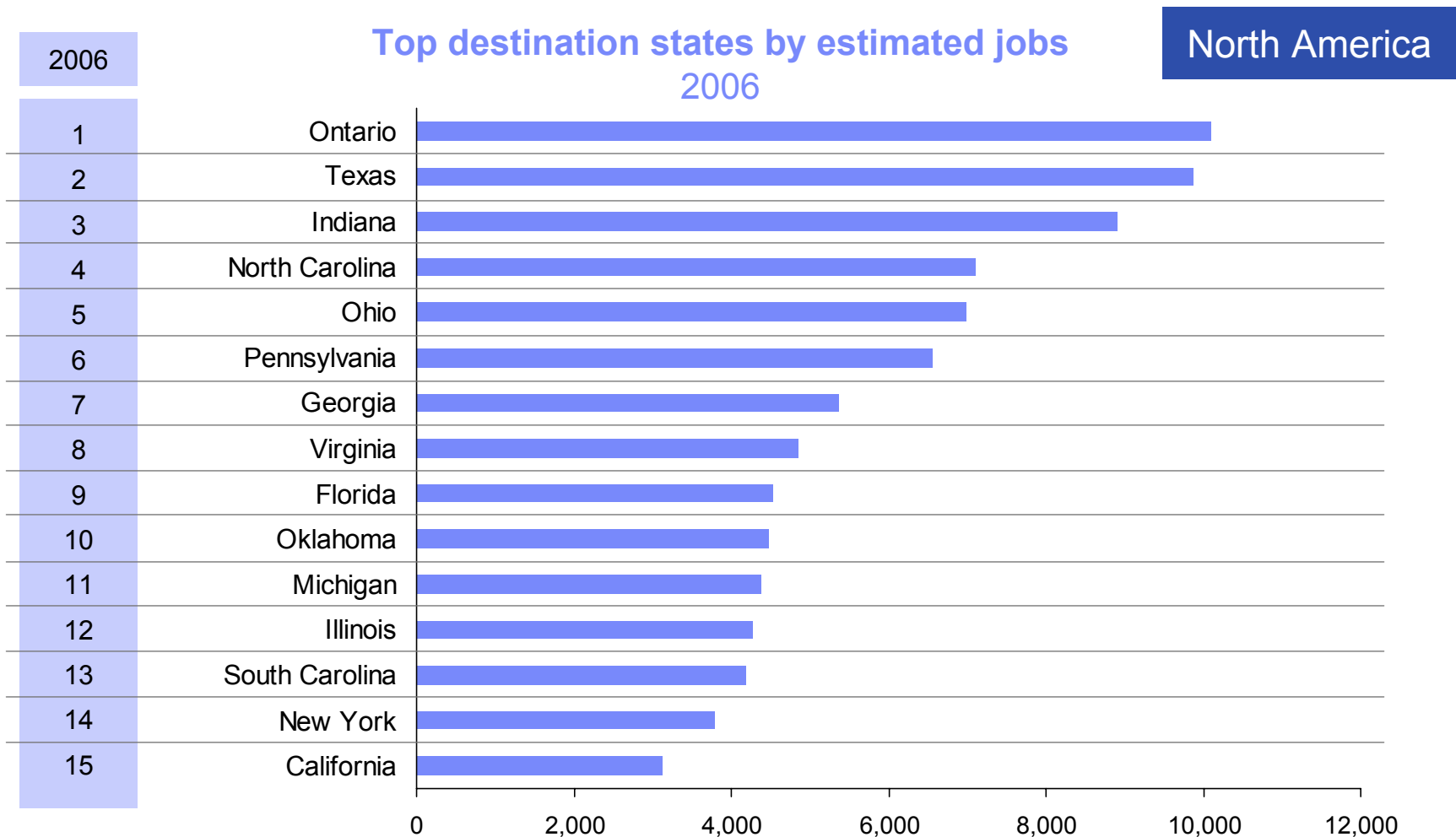
Source: IBM-PLI Global Investment Locations Database (GILD)



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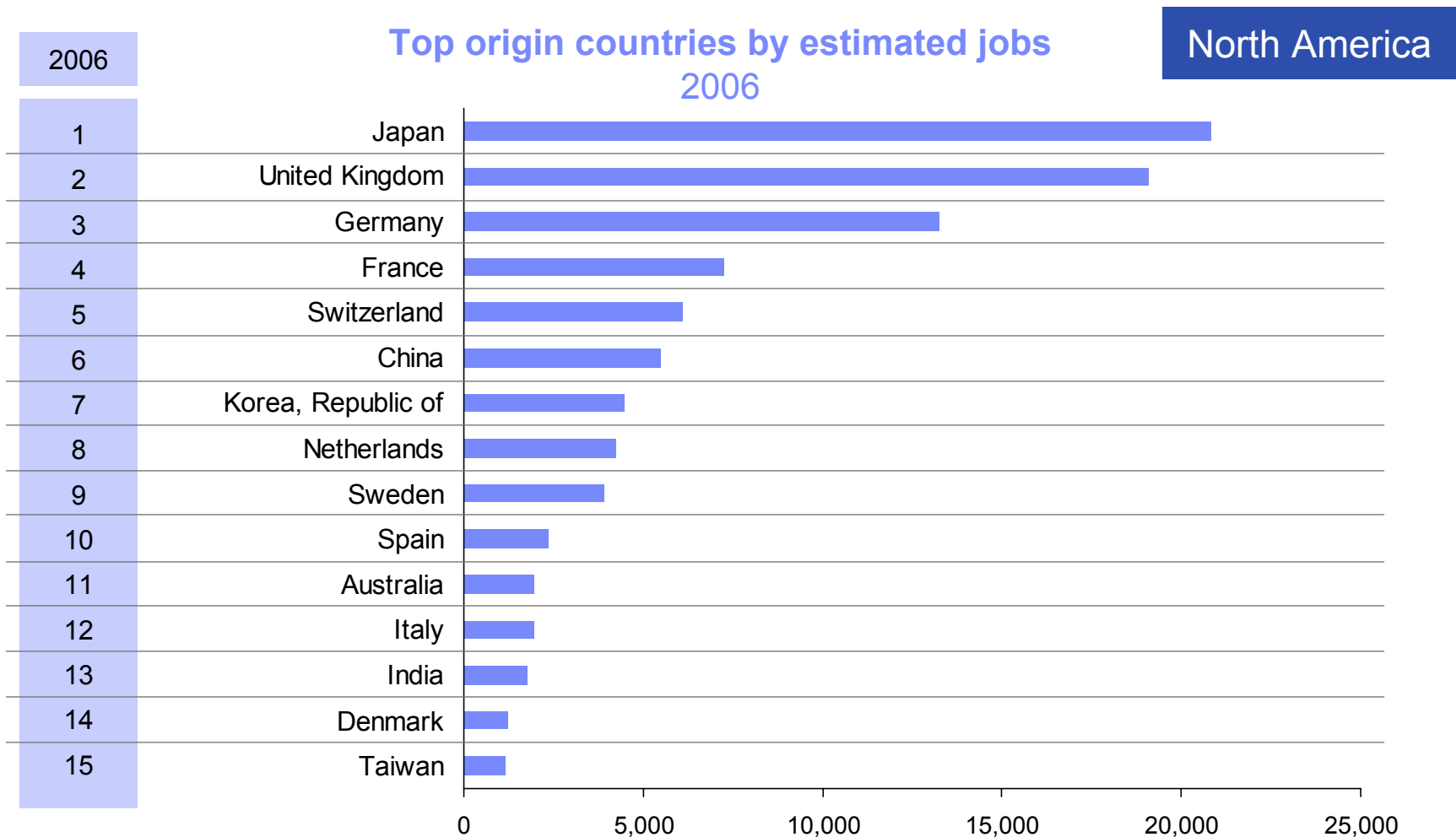
Focus on North America

Ontario and Texas attracted most jobs through foreign investment; Indiana, Ohio and Georgia strong performers; California reports relative weak results



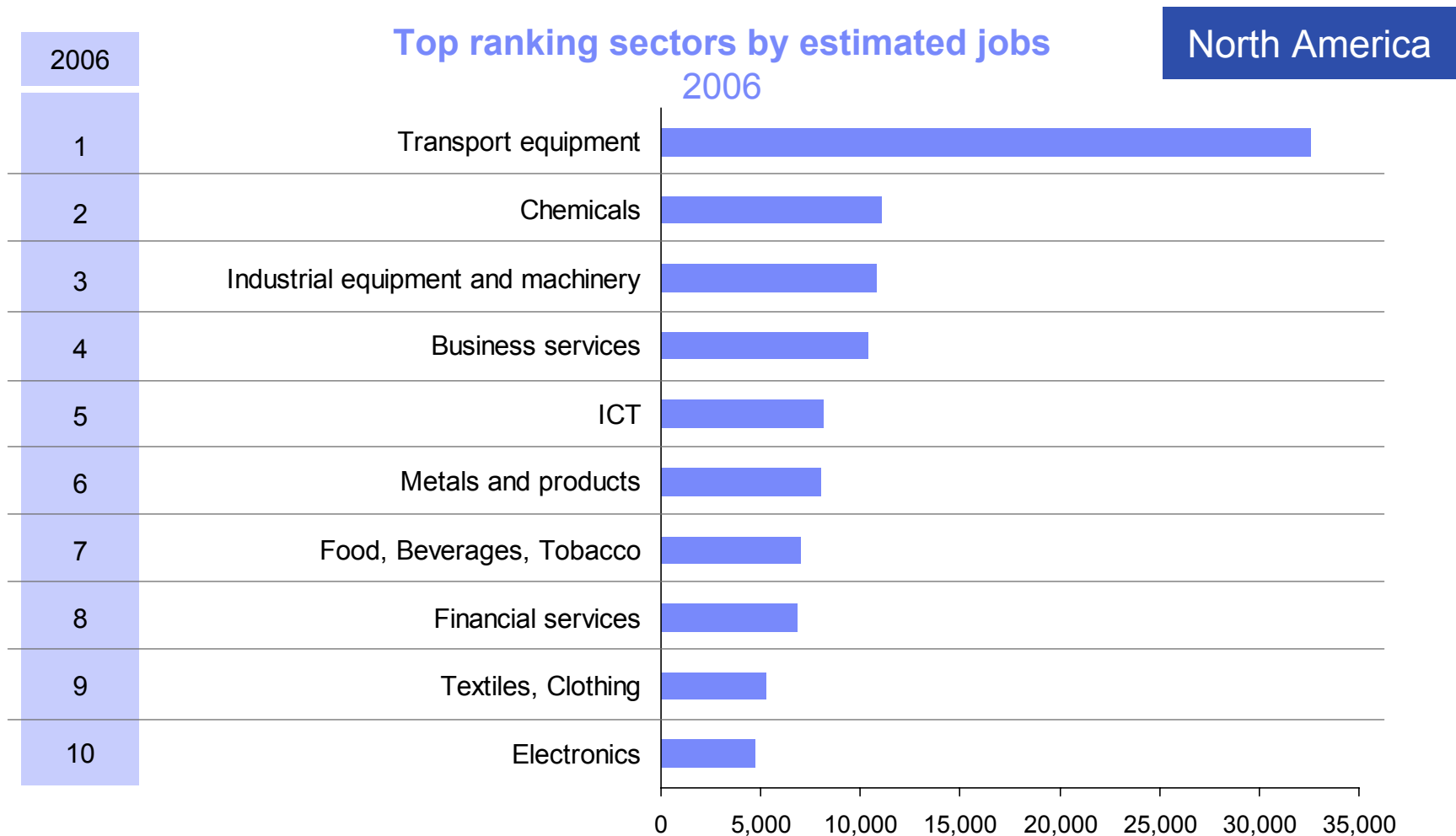
Source: IBM-PLI Global Investment Locations Database (GILD)

Japan is the no. 1 in job creation in North America; China is coming up very strong, while India is in top 15 as well



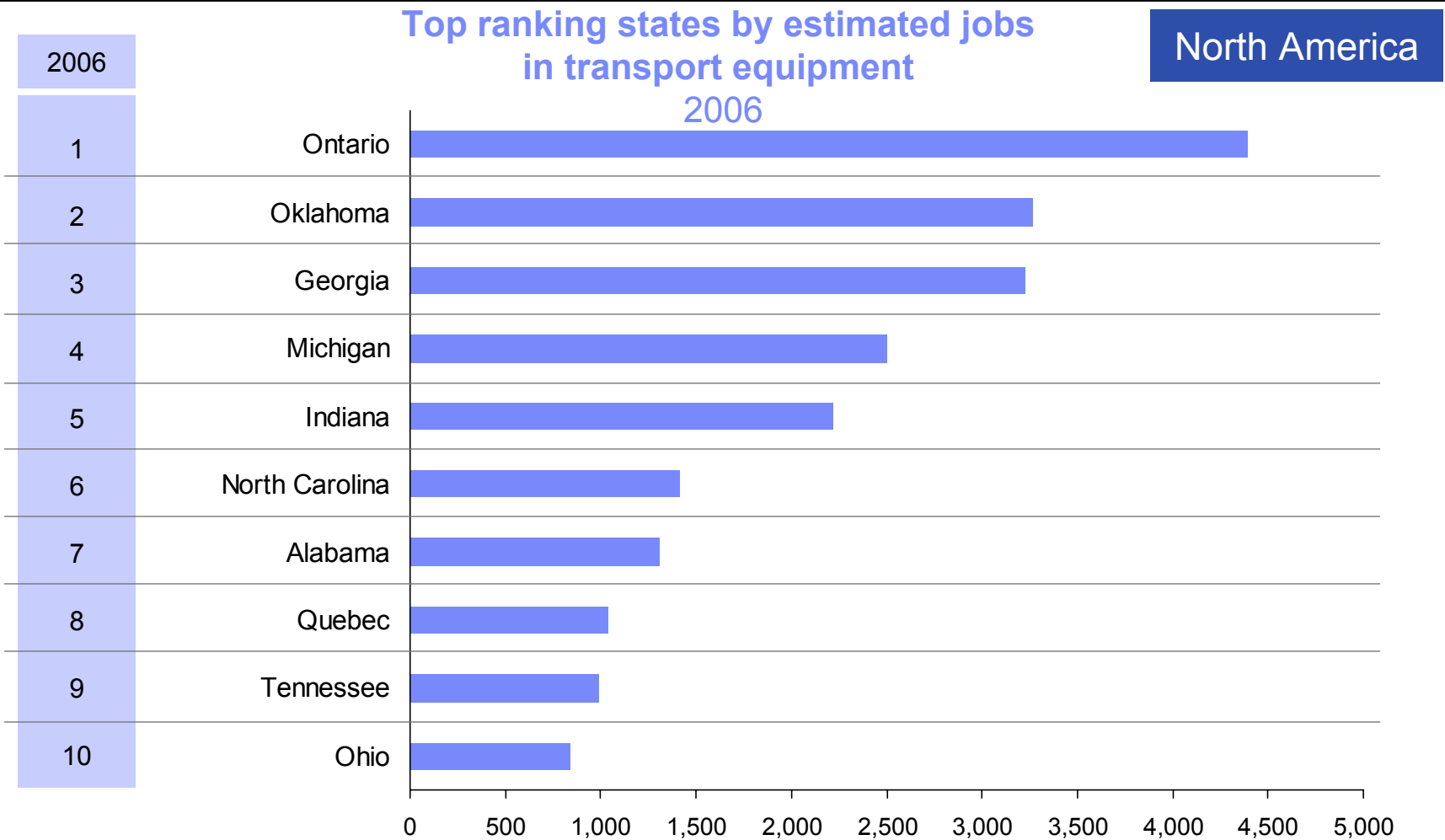
Source: IBM-PLI Global Investment Locations Database (GILD)

Most jobs through foreign investment are created in transport equipment (automotive); chemicals, industrial equipment and business services follow



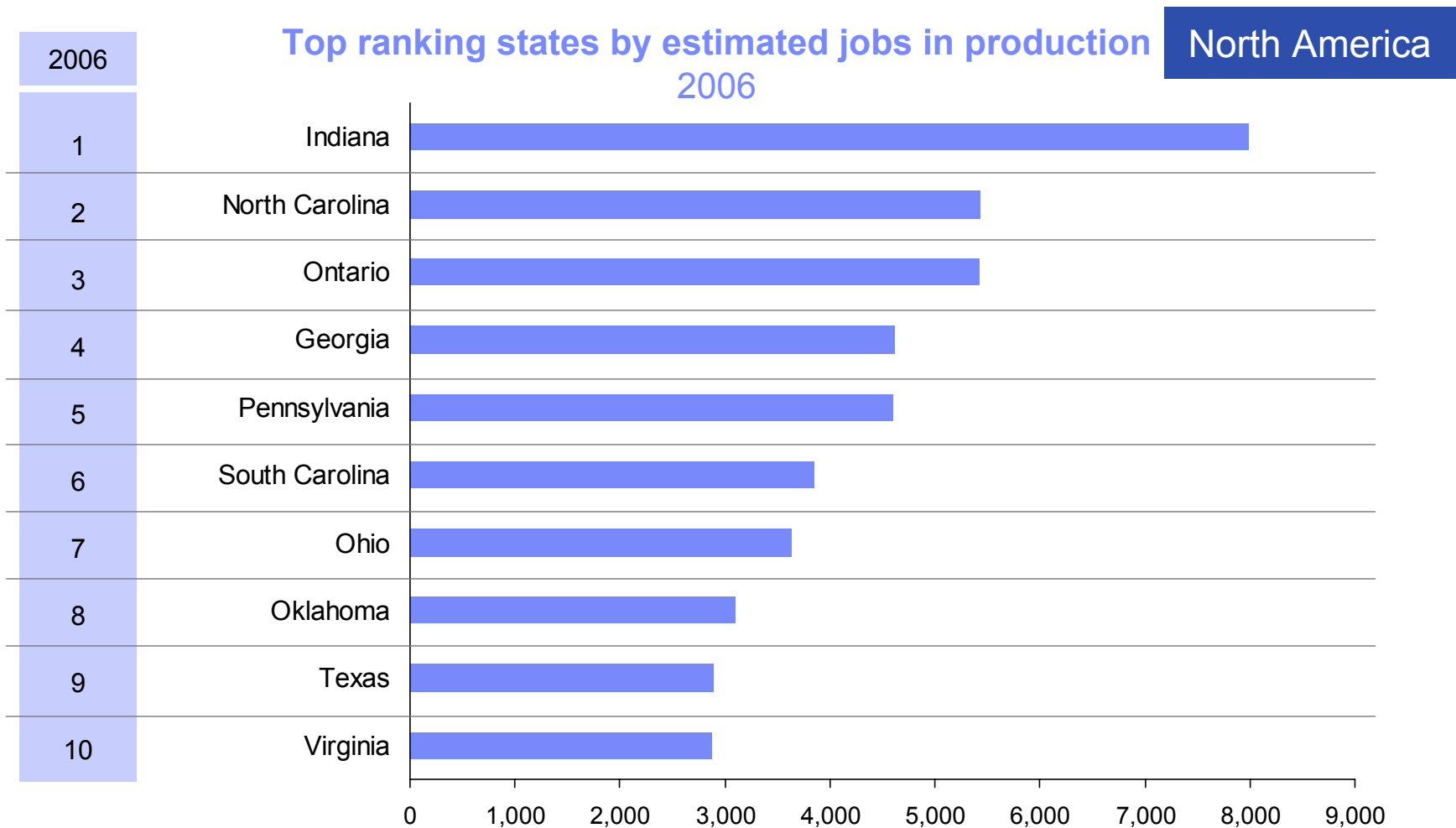
Source: IBM-PLI Global Investment Locations Database (GILD)

Ontario attracted most jobs in transport equipment; strong performance by Oklahoma and Georgia



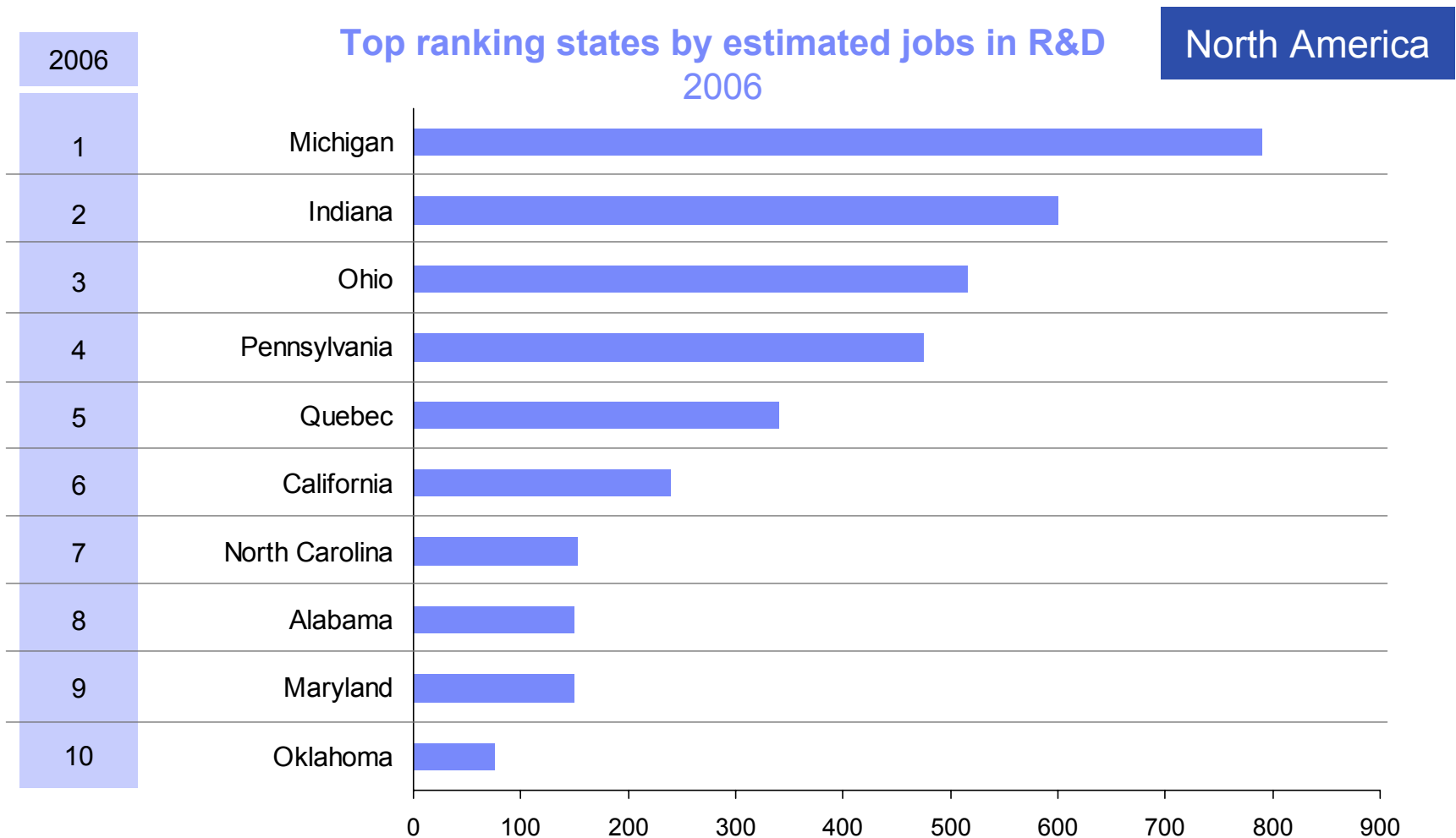
Source: IBM-PLI Global Investment Locations Database (GILD)

Indiana most successful in creating production jobs



Source: IBM-PLI Global Investment Locations Database (GILD)

Michigan leads in R&D job creation, with Indiana, Ohio and Pennsylvania as runners up



Source: IBM-PLI Global Investment Locations Database (GILD)



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Conclusions and Implications

Summary of main conclusions

- Strong economic growth has led to huge increase in foreign investment: over 20%
- Record investment numbers in various developed economies
- Globally Integrated Enterprises seek best locations for individual business components, and have growing variety of options to choose from
- More emerging markets profit from global distribution of investment
- Functional and sectoral specialization increasingly meets needs of global investors

Winners and losers: who will they be?

- Currently: lots of winners:
 - Developing countries have won global foreign investment share over last decade
 - Developed countries profit from recent economic upswing

- Short term expectation is that investment activity will remain high, and mostly driven by market growth and access to customers

- But: underlying threat of impact from next economic downturn
 - Renewed pressures on corporate competitiveness
 - Next wave of consolidation, outsourcing and re-location (off/near shoring)

- Result: Similar move as last decade, but this time:
 - Many more emerging markets have become acceptable business environment
 - Many more location options for companies to consider
 - Wider variety of developing countries to profit from global investment

Winners and losers: what should they do?

- Highest cost countries will be at hardest risk. They need to:
 - Continuously improve business environment to stay ahead of the game: education and innovation, but also cost competitiveness
 - Compete harder, and seek/defend unique value propositions
 - More pro-active in defensive strategies: from business retention to investor development
 - Seek cooperation from anchor companies in economic development strategies

- Winners should focus on stable and sustainable growth path:
 - Avoid overheating effects from ‘too much of the same, too fast’
 - Timely identify next potential target industry to attract
 - Use incentives wisely to steer economic development
 - Prepare business environment in anticipation of new investors

- All should prepare for dynamics of increase of globally integrated enterprises



Key Contacts



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A service of IBM Global Business Services

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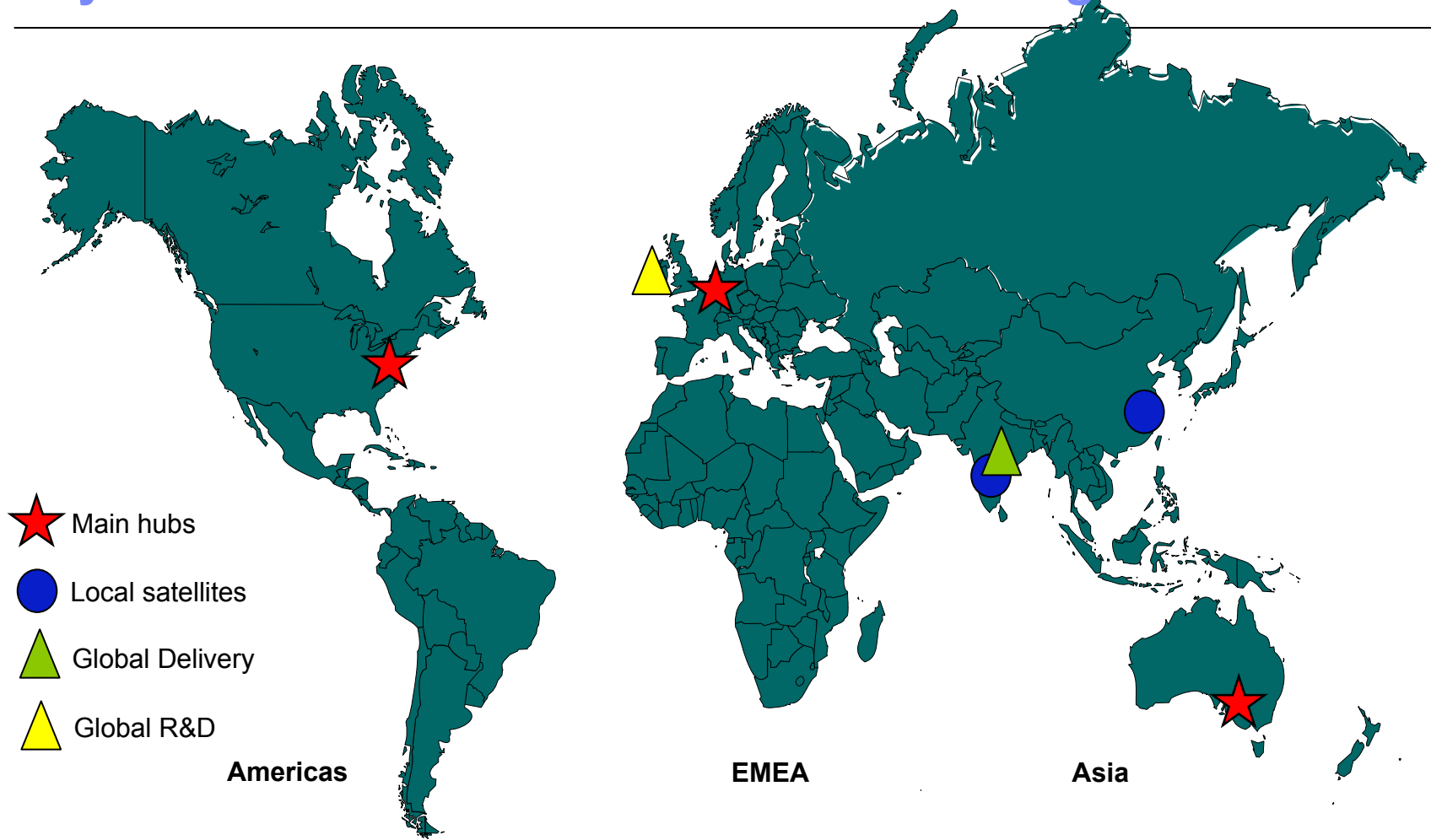
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Further Introduction to PLI - Global Location Strategies

PLI – Global Location Strategies: a global IBM service offering

- PLI – Global Location Strategies is a global service offering within IBM Global Business Services exclusively specialized in global location strategies
- Our area of expertise focuses on analyzing international business locations for expanding or consolidating companies to select the optimal location against best shareholder value
- IBM-PLI is independent from government authorities or other organizations with local interests and fully objective and unbiased in its advice; no conflicts with real estate, tax, incentives or other interests
- Unique and unrivalled experience as dedicated corporate location consultant:
 - Over 45 years active in this consulting area; over 2,000 corporate projects conducted
 - Multinational, multi-cultural and multilingual team of location experts in key practices for EMEA, Americas, and Asia-Pacific; local satellites and representatives in key markets
 - Functional, regional and industry specialists in IBM operations around the world
- Experience with all types of facilities: production, distribution, shared services, R&D, call centers, data centers, headquarters, etc.

Key Practices of PLI - Global Location Strategies



Examples of corporate clients for location advisory services

* multiple assignments, only most recent names used

ABB	Compaq Computer*	General Motors*	Kimberly Clark*	Nuon	Sony*
ABN-AMRO*	Concert (AT&T/BT)	Gillette*	Knauf Insulation	Orica Mining*	Standard Chartered Bank*
AGFA*	Corning*	GlaxoSmithKline*	Kodak*	Owens Ollinois	Stork
Alza*	Daikin*	Goodyear/Dunlop*	Kone	Paramount	Sun Electric
American Express	DHL*	Guardian	Kraft Foods	Pepsico*	Sun Microsystems
Amgen	Delphi	Haagen-Dazs	LA Gear	Phillip Morris*	Swissair
Anheuser-Busch	Deutsche Bank*	Heinz*	Level 3	Philips*	Tandem
AstraZeneca*	Diageo	Henkel	Levi Strauss	Procter & Gamble*	TDK
Avaya*	Digital Equipment	Hercules	Little Tikes	PricewaterhouseCoopers*	Technicolor
Aventis*	Disney	Hertz	Lloyds	Prudential Investment	Telia
Avery Dennison	Dow Chemical*	Hewlett-Packard*	Lufthansa	Quintiles	Telxon
Avis*	Dresdner Bank	Hitachi	Master Foods	Radnor	Tetra Pak*
Avnet	Du Pont	Hoechst	Mattel*	Ralston Purina	Texas Instruments
BAT	Duty Free Shoppers*	Holcim*	Medtronic*	Raychem	Toshiba
Baxter*	Eastman Chemical	Holiday Inn	Merck*	Reader's Digest	Toyota*
Bayer*	Eaton	Hoogovens	Meritor	Reckitt & Colman	TPG Group
Becton Dickinson*	ECT*	HSBC	Microsoft	Reuters*	UBM
Bekaert	Eli Lilly	IBM*	Mitsubishi	Rohm & Haas	Unilever*
BF Goodrich*	EMC	ICI	Mobil Plastics	Rothmans	Union Carbide
Biogen	Energizer	ICON	Monsanto*	Rubbermaid	United Technologies
Bose*	Engelhard	Idemitsu	Motorola	Sabena	UPM-Kymmene
Boston Scientific*	Ericsson	IFF	Nashua	Samsung*	Vaillant
BP Amoco*	Esco	Indspec	National Instruments	SAS Airlines	Visteon
Bristol Myers*	ExxonMobil*	Ingersoll Rand	National Semiconductor	Aville Systems	Volvo
Brunswick	FMC	Intel	NEC	Schering	Warner Lambert
Cadbury Schwepp	Fokker AESP	International Paper	Nestlé*	Scott Paper	Wellman
Campbell Foods*	Ford Motor*	James Hardie*	Netscape*	Shell*	Westvaco
Caterpillar	Franklin Mint	John Deere*	Nike*	Shire Pharmaceuticals	Whirlpool
Chiquita	GAP	Johnson & Johnson*	Nissan	Siemens*	WL Gore
Citibank*	GATX	Johnson Controls*	NKT Cables	Sigma Coatings	Woolworth
Claire's	Genencor	JP MorganChase*	Norske Skog	SKF	WordPerfect
Coca Cola	General Electric*	JVC	Nortel	Smiths Food	Xerox
Colgate	General Instruments	Kellogg	Novartis*	Solvay	Xircom

Examples of clients for inward investment and economic development

* multiple assignments

Albania	Foreign Investment Promotion Center	Ghana	Ghana Investment Promotion	Spain	PromoMadrid*
Antilles	Government of Aruba	Guadeloupe	Port of Guadeloupe	Suriname	Government of Suriname
	Government of Curaçao	Hong Kong	Trade and Investment Bureau	Sweden	Confederation of Swedish Enterprises
Australia	Invest Australia*	Hungary	ITD Hungary*		ISA Invest in Sweden Agency*
	City and Port of Brisbane	India	Government of Gujarat SEZ	Switzerland	Canton of Schaffhausen
	DSRD New South Wales**		Positra SEZ	Tanzania	Tanzania Investment Centre
	Invest Victoria*	Ireland	Enterprise Ireland*	Thailand	Industrial Authority Esate of Thailand
Austria	Austrian Business Agency*		IDA Ireland*	Tunisia	Government of Tunisia
	Vienna International Airport	Israel	Israeli FEPZ	Trinidad & Tobago	Port Authority of Trinidad & Tobago
Azerbaijan	Port of Baku	Italy	PROMOS Milan	Un. Arab Emirates	Jebel Ali Port Authority, Dubai
Belgium	Brussels Airport		Sviluppo Italia*	United Kingdom:	
	Flanders Foreign Investment Office*	Kuwait	Kuwait	- England	Advantage West Midlands*
	Office for Foreign Investm. Wallonia*	Luxembourg	Ministry of Transport		East Midlands Development Agency*
	Port of Antwerp*	Malaysia	Port Klang		MIDAS Manchester*
Canada	Invest Canada	Mexico	Industrial Port Development Board		North West Development Agency*
	Montreal International	Morocco	Government of Morocco	- Scotland	UK Trade & Investment*
	Province of Quebec	Namibia	Namibia Investment Centre		Edinburgh IFC
	Toronto	Netherlands	Airport Amsterdam-Schiphol*	- Northern Ireland	Scottish Development International*
Cape Verde	Promex		Airport Maastricht-Aachen	- Wales	Invest Northern Ireland*
Caribbean	Caribbean Inward Investment Office	New Zealand	Netherlands Foreign Investm. Agency	USA	Welsh Development Agency*
China	Xi'an Pharma Park, Shaanxi		Ports of Amsterdam and Rotterdam		Commonwealth of Pennsylvania*
Costa Rica	CINDE*	Philippines	Investment New Zealand		Greater Jamaica, NY
Czech Rep.	CzechInvest*	Poland	Cagayan		Great Baltimore Alliance, MD
Denmark	Copenhagen Capacity*		Industrial Development Agency		Greater Phoenix Economic Council*
	Invest in Denmark*	Portugal	PAIZ Polish Inward Investment Agen		Maryland DBED*
Djibouti	Government of Djibouti		Special Economic Zones (various)		Michigan EDC
Estonia	Port of Tallinn	Puerto Rico	AIP Regio Norte		Research Triangle Park, NC*
Ethiopia	EIA Ethiopian Investment Authority	Russia	Embassy of Portugal/ICEP*		State of Florida
France	Ile de la Réunion		Instituto de Fomento		State of Illinois
	Ile de France, Paris	Saudi Arabia	Moscow		State of Indiana
	Invest in France/Datar*		St. Petersburg		State of Louisiana
	Nord-Pas de Calais Developpement*	Singapore	APEC		Toledo, OH
	Port of Le Havre*		General Investment Authority	International organisations	Asian Development Bank*
Germany	Frankfurt Airport		Ministry of Finance		European Commission*
	HWF Hamburg	South Africa	PSA Port of Singapore Authority*		OECD*
	IIC (former East German States)*		Singapore Econ. Development Board		UNCTAD*
	Nordrhein Westfalen*		COEGA*		WAIPA*
	Saxony Economic Development Corp*		Trade and Investment South Africa		World Bank/MIGA*

IBM-PLI's Global Investment Locations Database: GILD

What is GILD?

- GILD is the Global Investment Locations Database developed by IBM-PLI that records corporate location decision announcements around the world on an ongoing basis.
- GILD is the leading corporate investment tracking database, allowing up-to-date representative trend analysis on a global scale.
- GILD monitors corporate investments at the *project level*. It records announcements and openings of new and expansion projects by companies globally. M&As and other forms of investment are not included, except if they lead to a new or expansion project.
- For each project announcement many details are captured: investor origin, location of investment, (sub-)sector and cluster, type of investment, jobs created, capital invested, etc.

How is GILD used?

- *Corporate executives* use GILD to monitor which locations are preferred options for other companies, and to assess whether these locations should be considered for their own projects. Also, GILD is used to monitor where peer companies are planning investments around the world.
- *Investment promotion and economic development agencies* use GILD for accurate and up-to-date market intelligence to support their marketing strategies:
 - Monitor performance relative to target sectors, competitor locations and global market trends
 - Assess marketing opportunities by analyzing sector and sub-sector growth or decline
 - Identify main source markets and dynamic companies in target sectors for FDI promotion
 - Assess location and resource allocation of overseas offices relative to market trends and target sectors
 - And so forth

To make sure that your region is well represented in our GILD database, please send your investment project data to gild@be.ibm.com or contact Roel Spee at roel.spee@be.ibm.com



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