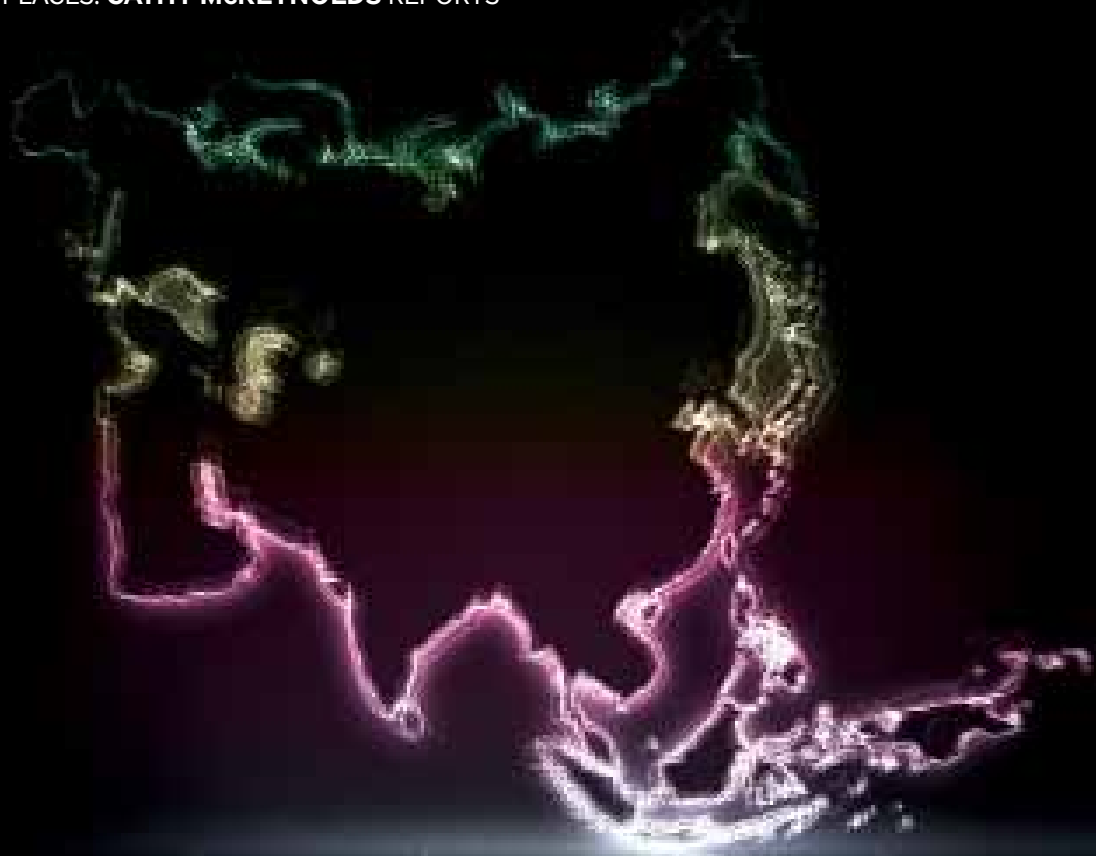


Asia-Pacific Cities of the Future 2013/14 Winners



HONG KONG HAS BEEN CROWNED **fDi**'S ASIA-PACIFIC CITY OF THE FUTURE, WITH SINGAPORE AND BEIJING TAKING SECOND AND THIRD PLACES. **CATHY McREYNOLDS** REPORTS



Hong Kong has prevailed in fDi's Asia-Pacific Cities of the Future 2013/14, displacing Singapore to claim first position. This is a significant result for the city, which gained five places from the previous 2011/12 rankings.

Hong Kong has a proven track record for attracting FDI, gaining 184 projects in 2012, according to data from fDi Markets, as well as placing first in both the Infrastructure and FDI Strategy categories. Major investments into Hong Kong include UK-based Global Switch, which invested \$361m in 2012, as well as China-based GDS Services and Kuwait-based Agility Post, which created 397 jobs in the same year.

Singapore ranked second overall, down one place from the previous ranking. The city performed well in most categories, achieving first place in the Economic Potential category and ranking second in both Infrastructure and Business Friendliness. Beijing gained four places in the overall ranking, rising from seventh place in 2011/12, to rank third. The city performed well in Economic Potential (ranking second) and in Business Friendliness (third).

New Indian entrants

Indian cities were represented in the Economic Potential category with two entries, Mumbai ranking fourth and Bangalore in seventh place. Mumbai is a high driver of outward FDI, according to fDi Markets, while Bangalore scored very highly in terms of the level of inward and outward FDI and the number of jobs this created. Mumbai and Bangalore are the only Indian cities to feature in any categories, and it is the first time that an Indian city has placed in the Economic Potential category.

While Singapore ranked first place in the Economic Potential category, other notable entries included Chinese cities, which accounted for three of the top 10; Beijing ranked second, Shanghai third and Shenzhen ninth.

Japanese infrastructure

Japanese cities scored extremely well in the Infrastructure category, claiming five of the top 10 places. Yokohama ranked fourth, with Chiba, Tokyo, Kitakyushu and Kobe claiming fifth, sixth, seventh and ninth places, respectively. These locations placed due to the quality and level of their transportation networks, as well as the high level of internet connectivity and speed available throughout the country.

In the Business Friendliness category, Chinese cities came out on top, claiming five of the top 10 places. Shanghai ranked in first place, rising from seventh place in the same category in 2011/12. At 25%, China's corporate tax rate is among the lowest in the Asia-Pacific region. When coupled with the relatively short amount of time it takes to start a business, and the number of jobs created through FDI in the country, it is clear to see that establishing a presence in



Hong Kong has been awarded the overall Asia-Pacific City of the Future for 2013/14

China has been made more attractive.

Australian and New Zealand cities dominated the Labour Environment category, claiming six of the top 10 places. Wellington topped the category, with Newcastle, Melbourne, Canberra, Auckland and Brisbane ranking third, fourth, fifth, seventh and ninth, respectively. The high number of university graduates in the countries, as well as their superior quality of life, make the countries attractive for investors.

Hong Kong on top of FDI Strategy

Hong Kong places a high importance on its FDI strategy, with a network of overseas offices to follow potential leads for investment and a social media strategy to target investors. Brisbane ranked in second place in this category, rising two places from the previous rankings in 2011/12, just displacing Melbourne which slipped into third place. In addition, there were several new entries to the FDI Strategy category, with Chengdu, Adelaide, Yokohama and Wuxi placing in the top 10, having not featured in the 2011/12 rankings.

Phnom Penh retained the title of most cost-effective city in this year's rankings, scoring well in every aspect of the category. Investors are drawn to the city by its low taxes and import/export costs. Rayong increased its ranking from 10th place in 2011/12 to second place in 2013/14, thanks to its low cost and ease of doing business. The Cost Effectiveness category also saw a new entry from Hangzhou in ninth place.

Roaring China

With continually declining FDI levels, Chinese and Australian cities scored particularly well in this year's rankings, each with cities in the top 10. The Chinese global brand is continuing to impress in its drive and commitment to increase its FDI, with a particular zeal for its business friendliness. With a behind-closed-doors symbolic Third Plenum having taken place in November, and rumours of an easing of Chinese land restrictions, could this affect fDi's rankings in 2015/16? While Hong Kong and Singapore traditionally come out on top, are Chinese and Australian cities starting to contend this trend? ■

TOP 10 OVERALL RANKING

RANK	CITY	COUNTRY
1	Hong Kong	SAR* of China
2	Singapore	Singapore
3	Beijing	China
4	Shanghai	China
5	Seoul	South Korea
6	Taipei	Taiwan
7	Kuala Lumpur	Malaysia
8	Melbourne	Australia
9	Tokyo	Japan
10	Perth	Australia

* Special administrative region

TOP 10 ECONOMIC POTENTIAL

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	Beijing	China
3	Shanghai	China
4	Mumbai	India
5	Seoul	South Korea
6	Taipei	Taiwan
7	Bangalore	India
8	Sydney	Australia
9	Shenzhen	China
10	Tokyo	Japan

TOP 10 COST EFFECTIVENESS

RANK	CITY	COUNTRY
1	Phnom Penh	Cambodia
2	Da Nang	Vietnam
3	Rayong	Thailand
4	Alor Setar	Malaysia
5	Johor Bahru	Malaysia
6	Chonburi	Thailand
7	Bangkok	Thailand
8	Penang	Malaysia
9	Hangzhou	China
10	Kathmandu	Nepal

TOP 10 LABOUR ENVIRONMENT

RANK	CITY	COUNTRY
1	Wellington	New Zealand
2	Seoul	South Korea
3	Newcastle	Australia
4	Melbourne	Australia
5	Canberra	Australia
6	Saitama	Japan
7	Auckland	New Zealand
8	Tokyo	Japan
9	Brisbane	Australia
10	Busan	South Korea

TOP 10 INFRASTRUCTURE

RANK	CITY	COUNTRY
1	Hong Kong	SAR* of China
2	Singapore	Singapore
3	Incheon	South Korea
4	Yokohama	Japan
5	Chiba	Japan
6	Tokyo	Japan
7	Kitakyushu	Japan
8	Shenzhen	China
9	Kobe	Japan
10	Seoul	South Korea

TOP 10 BUSINESS FRIENDLINESS

RANK	CITY	COUNTRY
1	Shanghai	China
2	Singapore	Singapore
3	Beijing	China
4	Hong Kong	SAR of China
5	Tokyo	Japan
6	Zhongshan	China
7	Suzhou	China
8	Shenzhen	China
9	Seoul	South Korea
10	Taipei	Taiwan

TOP 10 FDI STRATEGY

RANK	CITY	COUNTRY
1	Hong Kong	SAR* of China
2	Brisbane	Australia
3	Melbourne	Australia
4	Auckland	New Zealand
5	Perth	Australia
6	Kuala Lumpur	Malaysia
7	Chengdu	China
8	Adelaide	Australia
9	Yokohama	Japan
10	Wuxi	China

JUDGING PANEL



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METHODOLOGY

To create a shortlist for fDi Asia-Pacific Cities of the Future 2013/2014, the fDi Intelligence division of the Financial Times collected data using the specialist online FDI tools fDi Benchmark and fDi Markets, as well as other sources. Data was collected for 95 cities

under five categories: Economic Potential, Labour Environment, Cost Effectiveness, Infrastructure and Business Friendliness. In addition, surveys were collected under a sixth category, FDI Strategy. In this category, cities submitted details about their strategy for promoting FDI, which

was then scored by fDi's judging panel. Cities scored up to a maximum of 10 points for each data point, which were weighted by importance to the FDI decision making process to compile the subcategory rankings as well as the overall Asia-Pacific Cities of the Future ranking.

LIST OF DATA POINTS

ECONOMIC POTENTIAL

- Population
- Population growth rate
- Unemployment rate
- Inflation
- GDP (purchasing power parity)
- GDP growth
- GDP forecast
- Outward FDI
- Outward FDI per 100,000 population
- Inward FDI
- Inward FDI per 100,000 population
- Combined nominal and % growth in FDI figures
- FDI in design, development and testing; and research and development
- FDI in manufacturing
- Megaprojects by capital expenditure (more than \$100m)
- Megaprojects by capital expenditure per 100,000 population (more than \$100m)
- Megaprojects by jobs (more than 1000 jobs)
- Mega projects by jobs per 100,000 population (more than 1000 jobs)
- Investor signals
- Number of patents
- Number of patents per 100,000 population
- Combines nominal and % growth in patents

LABOUR ENVIRONMENT

- Literacy rate
- Secondary enrolment rate 2011
- Tertiary enrolment rate 2011
- Education expenditure
- Number of universities
- Number of international baccalaureate schools

- Number of Top 200 universities and colleges in Asia
- Number of Top 500 universities
- Number of students
- Students as a percentage of the population
- Quality of Life score 2011
- Growth in Quality of Life score
- Human Development Index
- Life expectancy

COST EFFECTIVENESS

- Annual rent for grade A office space (\$/m²)
- Annual rent for grade A industrial space (\$/m²)
- Four- and five-star hotels in city centre location
- Minimum wage
- Cost of establishing a business
- Cost of construction permits
- Cost to export (\$ per container)
- Cost to import (\$ per container)
- Corporation tax rate
- Total tax rate as % of profit
- Country purchasing power parity/exchange rate

INFRASTRUCTURE

- Upload speed (kb/s)
- Download speed (kb/s)
- Growth in internet users
- Percentage of people using internet in 2011
- Number of airports within 80 kilometres
- Number of international destinations served
- Distance to airports with majority of flights
- Number of ports
- Number of Top 100 ports – cargo volume

- Number of Top 100 ports – container traffic
- Liner shipping connectivity index 2012
- Telephone mainline subscribers
- Mobile phone subscribers
- Growth in mobile phone subscribers 2005-2011
- Access to electricity (% of population)
- Logistics Performance Index 2012
- Network Readiness Index 2012
- Environmental Performance Index 2012
- Quality of overall infrastructure
- Quality of roads
- Quality of railroad infrastructure

BUSINESS FRIENDLINESS

- Number of companies in the knowledge-based sector 2012
- Proportion of companies in the knowledge-based sector 2012
- Number of companies in the knowledge-based sector per 100,000 population
- Number of jobs created by inward FDI (2008-2013)
- Growth in jobs created by inward FDI 2011 vs 2012
- Number of expansion/co-location projects
- Top 1000 World Banks 2012
- Financial Times Global 500 companies
- Top 200 Asian Banks 2012
- Days taken to start a business
- Ease of Doing Business Index
- Five-year cumulative change in Ease of Doing Business Index
- Index of Economic Freedom
- Corruption Perception Index
- Strength of Investor Protection Index
- Country risk score
- Corporation tax rate