

# São Paulo tops Ibero-American hotspots ranking

**FDI'S INAUGURAL RANKING OF IBERO-AMERICAN FDI SHOWS SÃO PAULO AND BOGOTÁ ARE THE LEAD CITIES FOR INWARD INVESTMENT, WHILE MADRID AND BARCELONA ARE THE TOP SOURCE LOCATIONS. SERGIO GARCIA AND VALERIA COLOMBO REPORT**

In analysing investment between countries in Ibero-America – the areas in Latin America, Europe and the US with high Spanish or Portuguese-speaking populations – São Paulo has recorded the highest number of inward investment projects between 2005 and 2014. The Brazilian commercial hub attracted 117 projects, surpassing other regional metropolises such as Bogotá and Mexico City, while also witnessing a marked increase in FDI in the past five years.

According to greenfield investment monitor *FDI Markets*, about 65% of inward investment into São Paulo was in the software and IT services, business services, and communications sectors. Companies investing included Spain-based telecommunications company Telefónica, which established its Telefónica Latinoamérica subsidiary in the city in July 2012.

## **Bogotá's Spanish attraction**

Bogotá in Colombia witnessed the second highest number of inward inter Ibero-American FDI projects, with 111 investments between 2005 and 2014. Locations in Spain proved the principal source market for Bogotá, accounting for 38.05% of investments, followed by those in the US (17.7%) and Argentina (12.39%).

Since the implementation of the bilateral agreement between Spain and Colombia in 2007, the number of Spanish FDI projects into Bogotá has increased, with nearly half going into business services. The Colombian capital attracted a high percentage of its total inward FDI from Ibero-America sources at 39.22%, compared with São Paulo with 14.34%.

Colombia has witnessed an improvement in its FDI attraction in recent years, thanks to a series of regulatory reforms that facilitate business, provide a more stable investment policy and a secure legal framework. According to the World Bank's *Doing Business in Colombia 2013* report, the country is implementing a better business regulatory environment at a faster rate than other economies in Latin America, "moving the country's performance closer to the average of high-income OECD economies."

Colombia's improving image, stable economic growth and attractive domestic market are putting it on the global investment map. As a result, Colombia's largest cities by population – Bogotá, Medellín, Cali and Barranquilla – have all experienced increases in inward FDI.

In addition to Colombia's notable performance, other Latin American cities such as Rio de

Janeiro, São Paulo and Tijuana have seen considerable growth in Ibero-American FDI. Tijuana is strategically located in north-west Mexico on the Pacific Rim close to the US border, allowing access to a large North American market.

## **Tijuana's talent**

In addition to competitive logistics costs, Tijuana, with more than 50 years' manufacturing experience, is now further increasing its skills base, aiding the development of technologies in medical devices, aerospace, automotive and electronics sectors. Tijuana has seen a significant increase in Ibero-American FDI in recent years, while also welcoming important manufacturing projects from companies such as Japan-based Toyota, South Korea-based Samsung and US-based CareFusion.

Between 2005 and 2014, companies headquartered in Madrid and Barcelona – the two largest cities in Spain – undertook the highest number of investments into Ibero-American locations, with 456 and 182 outward FDI projects, respectively. Key investment sectors were business services, software and IT services, and communications, accounting for 55.8% of the total outward investment projects from the two Spanish cities to Ibero-American locations.



Julio Beato

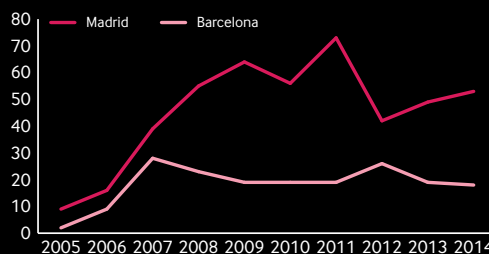
The top three investing companies were Atento, a provider of customer relationship management and business process outsourcing; TecnoCom, an IT and telecommunications specialist; and Telefónica. These companies accounted for almost 10% of the total number of Ibero-American investments coming out of Madrid and Barcelona.

**Methodology**

To create a shortlist of locations for fDi’s Ibero-American Cities ranking, the fDi Intelligence division of the Financial Times researched cities in Latin America, Europe and the US with high Hispanic or Lusophone populations. From this, the final list of top 100 locations in terms of inward investment projects was devised, according to data from greenfield investment monitor fDi Markets.

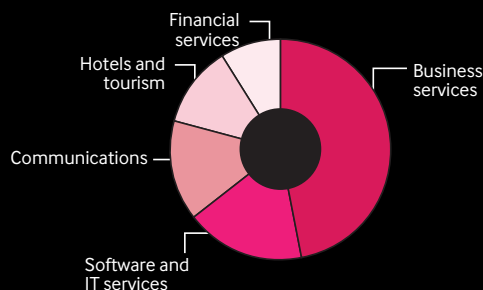
To compile the results tables, fDi Intelligence studied the level of foreign investment between these Ibero-American cities in terms of project numbers. Where locations have been ranked in terms of growth in FDI, growth refers to project numbers and is calculated between two periods: 2005 to 2009 and 2010 to 2014. For growth rankings, only cities with more than 10 projects in the initial period of 2005 to 2009 were included. ■

NUMBER OF IBERO-AMERICAN OUTWARD PROJECTS: 2005 TO 2014



SÃO PAULO HAS SEEN CONSIDERABLE GROWTH IN IBERO-AMERICAN FDI

TOP FIVE FDI SECTORS FROM SPAIN INTO BOGOTA BY PROJECTS: 2005 TO 2014





Leading performers: Barcelona in Spain (top) and Lima in Peru (bottom)

## IBERO-AMERICAN FDI

### TOP 10 INTER-IBERO-AMERICAN INVESTMENT DESTINATIONS

RANK	CITY	COUNTRY
1	São Paulo	Brazil
2	Bogotá	Colombia
3	Mexico City	Mexico
4	Miami	US
5	Santiago	Chile
6	Buenos Aires	Argentina
7	Madrid	Spain
8	Lima	Peru
9	Lisbon	Portugal
10	Rio de Janeiro	Brazil

### TOP 10 INTER-IBERO-AMERICAN INVESTMENT SOURCE LOCATIONS

RANK	CITY	COUNTRY
1	Madrid	Spain
2	Barcelona	Spain
3	Santiago	Chile
4	Buenos Aires	Argentina
5	São Paulo	Brazil
6	Mexico City	Mexico
7	Houston	US
8	Miami	US
9	Lisbon	Portugal
10	Caracas	Venezuela

### TOP 10 CITIES – GROWTH IN INWARD IBERO-AMERICAN FDI

RANK	CITY	COUNTRY
1	Medellín	Colombia
2	Barranquilla	Colombia
3	Cali	Colombia
4	Rio de Janeiro	Brazil
5	Tijuana	Mexico
6	São Paulo	Brazil
7	Bogotá	Colombia
8	Los Angeles	US
9	Barcelona	Spain
10	Santiago	Chile

### TOP 10 CITIES – GROWTH IN OUTWARD IBERO-AMERICAN FDI

RANK	CITY	COUNTRY
1=	Lima	Peru
1=	Medellín	Colombia
3	Managua	Nicaragua
4	Bogotá	Colombia
5	Zaragoza	Spain
6	Panama City	Panama
7	Mexico City	Mexico
8	Monterrey	Mexico
9	Bilbao	Spain
10	Seville	Spain



Making deals: Medellín in Colombia (top) and Madrid in Spain (bottom)

## INWARD FDI

### TOP 10 CITIES FOR INWARD FDI

RANK	CITY	COUNTRY
1	São Paulo	Brazil
2	Madrid	Spain
3	Barcelona	Spain
4	Mexico City	Mexico
5	Houston	US
6	Bogotá	Colombia
7	Buenos Aires	Argentina
8	Los Angeles	US
9	Rio de Janeiro	Brazil
10	Santiago	Chile

### TOP 10 CITIES – GROWTH IN INWARD FDI PROJECTS\*

RANK	CITY	COUNTRY
1	Medellín	Colombia
2	Campinas	Brazil
3	Houston	US
4	Rio de Janeiro	Brazil
5	Curitiba	Brazil
6	Barranquilla	Colombia
7	Bogotá	Colombia
8	São Paulo	Brazil
9	San Juan	Puerto Rico
10	Los Angeles	US

\*Only locations with 10 projects or more between 2005 and 2009 were included and growth is calculated between two periods: 2005 to 2009 and 2010 to 2014.

## OUTWARD FDI

### TOP 10 CITIES FOR OUTWARD FDI

RANK	CITY	COUNTRY
1	Madrid	Spain
2	Barcelona	Spain
3	Houston	US
4	San José	US
5	Los Angeles	US
6	Denver	US
7	São Paulo	Brazil
8	San Diego	US
9	Bilbao	Spain
10	Austin	US

### TOP 10 CITIES – GROWTH IN OUTWARD FDI PROJECTS

RANK	CITY	COUNTRY
1	Bogotá	Colombia
2	Mexico City	Mexico
3	Lima	Peru
4	Panama City	Panama
5	Zaragoza	Spain
6	Santiago	Chile
7	Porto Alegre	Brazil
8	Monterrey	Mexico
9	Buenos Aires	Argentina
10	São Paulo	Brazil