



LA BAULE
World Investment
Conference

7th EUROPEAN CONGRESS OF CEEERDA

“Investing in Regions”
Potential to Promote the Competitiveness
of Regional Economies and SMEs

Sofia, 27/28 September 2007

Kempinski Hotel

Sofia

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CEO

*Making Europe
More Attractive*

LA BAULE
JUNE 28 & 29
2007



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I- WHY EXOGENIOUS GROWTH IS A KEY DRIVER FOR ECONOMY OF REGIONS ?

Today,
no one can ignore the role of exogenous growth for national and regional economies and its impact on domestic growth?

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WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

I- Impact on employment:

In France

- One new job in four is created by international investment
- One job in seven is linked to the existing stock of foreign direct investment (FDI).
- Foreign investors represent 42% of market capitalization in Paris.

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

I- Impact on employment:

Based on the annual study published by E&Y, FDI generated 200,000 jobs in Europe in 2006.

- 37 000 of these were in Poland
- 27 000 in UK
- 21 000 in France
- 16 000 in the Czech Republic
- 9 000 in Germany.

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

Impact on R&D

In Europe, FDI accounts for an average 10% to 20% of total spending on R&D (public and private)

Europe's top beneficiaries of FDI in R&D

- Britain: 23.5%
- France: 15.7%
- Ireland 8.3%

As Janez Potocnik has said, this is “a shield against the brain drain”. FDI in R&D represents a key challenge of attracting talent and human resources, i.e. qualified labor becomes more scarce, with the threat of a shortfall by 2025.

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

Impact* on specific business sectors

Number of projects,

- Software:11%
- Business services:10.4%
- Automotive industry:9%
- Electronics: 7.4%
- Logistics 5.5%

Number of jobs created

- Automotive industry: 20%
- Electronics: 13%
- Business services: 7%

* Ernst & Young annual study

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

Impact on specific business sectors

- All investments haven't the same strategic importance for countries and regions
- There is no single “attractiveness strategy”
- Such strategies are selective, and specific to each region's concerns and situation.

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

Impact on trade

Host countries are also source countries.

The top sources of FDI in Europe*

- United States: 800 projects
- Germany: 13%
- UK: 6%
- France: 5%
- Japan: 5%

* In 2005

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

Impact on trade

Takeovers, interest-taking, joint ventures—in each case, FDI offers businesses access to:

- Markets
- Technologies
- Now-how
- Knowledge
- Spark that makes for success.

It is a powerful driver of trade
as markets go global

WHY EXOGENIOUS GROWTH IS A KEY DRIVER?

Conclusion:

2 figures*:

- Europe: first destination of FDI with 3531 projects
- Global stock valued by the UN Conference for Trade and Economic Development (CNUCED) at around \$9,000 billion.

Strengthening and increasing European Attractiveness for FDI is a vital priority for our regional and national economies