We are delighted to welcome you to the 2018 Scotland Attractiveness Survey, which examines the evolving performance and perceptions of Scotland as a destination for foreign direct investment (FDI). This report continues EY’s long history of sponsorship of research into UK trade, including FDI, reflecting our desire to encourage an open dialogue between business leaders, investors and policymakers on how to maximize Scotland’s and the rest of the UK’s economic performance.
Another strong showing

The 2018 edition of the Scotland Attractiveness Survey highlights an unprecedented run of success for Scotland, with FDI project numbers into the country having set new records in each of the past three years. This year’s report recorded a 7% increase in the number of projects, with Scotland solidifying its reputation as the most attractive FDI destination in the UK after London.

The total number of jobs secured by FDI projects in 2017 rose by 104%, from 3,131 to 6,374. This is the highest number of FDI jobs created in Scotland in any year over the past decade, due to larger scale projects being attracted – 10 projects in 2017 created 200 jobs or more.

Becoming a Research & Development (R&D) center of excellence

Following a 70% increase, Scotland has cemented its position as the UK leader in securing R&D projects. Across the UK we have seen a trend towards university cities with a strong presence in R&D and Digital doing particularly well. Scotland with its world-class universities is bearing the fruit of this trend.

The domination in R&D was also complemented with a substantial increase in the number of digital projects which surged by 56%. Scotland’s strength in software and digital technology represents an opportunity to carve out a reputation for being a global leader in this area, with a focus on skills development and technology infrastructure being crucial.

Edinburgh is capital city

Scotland’s three largest cities remain the focus of FDI activity. However, the 2017 data provides evidence that projects are filtering out into Scotland’s regions, providing economic benefit to a wider reach of our population, as demonstrated by Livingston making it into the top 20 UK cities/towns for the first time. Not surprisingly considering the trend towards university cities, Edinburgh in particular had a standout year with a 45% increase in projects.

Source of investment

Looking at investment origin, Scotland’s top three 2017 investors were the US, Norway and France, all of which increased their number of project investments since 2016. An increase in Irish investment projects into Scotland, now ranking as our fourth biggest source of FDI, is notable against a backdrop of falling investment from Ireland into the UK as a whole. China takes up the fifth spot following a surge in investment over the last two years.

Investor insights

Investors cite availability of skills and local workforce and business partners and suppliers, combined with transport and technological infrastructure as the key assets with greatest influence over their decision to invest in a region.

While the UK saw an overall decline in perceived attractiveness for FDI, perceptions of Scotland have held steady - as highlighted by our survey of investors’ perceptions. Three per cent of investors globally cite Scotland as the most attractive place to locate UK operations – the same percentage as in 2016. In comparison, London’s rating fell by three per cent, perhaps indicating that investors are starting to look beyond London when considering investing in the UK.

A key consideration for Scotland is that while it currently holds the 2nd spot across the UK as the most attractive region to invest in, and is holding steady in its perception ranking, it is actually in 6th place in the overall future perception ranking. As well as Edinburgh’s ongoing strong performance would in, and is holding steady in its perception ranking, it is actually in 6th place in the overall future perception ranking. As well as London, competition comes from the South West of England, West Midlands, North West of England and North East of England. This is a clear sign to Scotland that it needs to work hard to continue its successful track record.

Navigating challenging conditions

In previous years we noted a cautionary warning over the need to increase relationships with China and to take advantage of the accelerating digital revolution. This year’s report demonstrates that at this point in time, Scotland is succeeding in navigating the changing environment, positioning itself as an attractive place to invest in, and working hard to secure its identity on the world stage.

We now have a golden opportunity to capitalize further on Scotland’s track record and, as noted in the report, the ambition for Scotland should be to become the UK alternative to London for projects like financial services and digital, and for headquarter (HQ) and R&D projects across all industries.

However, as well as other regions in the UK faring well in the perception survey, we also have a global backdrop where the rest of Europe is hot on our heels, with France in particular boasting a 31% increase in projects. The shadow of Brexit still looms over the UK as a whole and the question remains as to whether this will impact future investment decisions.

In ‘normal’ times Scotland’s ongoing strong performance would point to a bright future, but the ‘new normal’ is an environment where nothing is certain. Scotland must not grow complacent in maintaining strong economic relationships with well-established international partners while also nurturing new relationships as we look to navigate continued uncertainty in the coming years.
Executive Summary

Key findings from 2017

7% rise in Scotland FDI projects secured

Scotland’s FDI growth rate was higher than the UK as a whole

Second place ranking behind London, as the most attractive place to invest in the UK

First place leader in attracting UK R&D FDI with a 70% increase

FDI job creation in Scotland increased by 104%

Digital FDI grew by 56% to become second largest sector for Scotland, behind business services

Manufacturing FDI projects increased by 25%

Top 5 countries investing in Scotland are:

1. US
2. Norway (oil & gas)
3. France
4. Ireland
5. China

Cities: Edinburgh, Glasgow and Aberdeen all inside the UK Top 10 again.

Edinburgh in third with a 45% increase in FDI
Glasgow joint sixth with Coventry with a 41% decline
Aberdeen had a slight decline but stayed in eighth (alongside Oxford and Cambridge.)
Investor perception

Scotland’s attractiveness remains steady in investors’ perception study but faces competition from English regions.

UK’s overall attractiveness declines relative to European competitors.

First place Germany | Second France | Third UK

Most important factors for investors are:

- Availability and skills of local workforce
- Availability of business partners
- Transport, telecommunications and technology infrastructure
Scotland puts in another strong showing in securing Foreign Direct Investment (FDI) ...

In 2017, Scotland continued to build on its sparkling performance in attracting FDI projects in 2015 and 2016. During the year, Scotland recorded a 7% increase in its number of projects secured, taking the total up from 108 in 2016 to a ten-year high of 116\(^1\) in 2017. This means FDI project numbers into Scotland have set new records in each of the past three years – an unprecedented run of success.

A further indication of Scotland’s strong showing in 2017 was that FDI projects into Scotland increased at a higher rate than the growth in projects secured by the UK as a whole. As a result, Scotland’s percentage market share of projects within the UK rose fractionally, from 9.5% to 9.6%. In relative terms, this is Scotland’s fourth highest market share in the past decade, and well above its historical average share, which is 9.3% of all UK projects.

However, the growth in projects, both into Scotland and the UK, in 2017 was outpaced by the rise in FDI projects into Europe as a whole, which increased by 10%. As a result, Scotland’s market share of all European FDI projects fell back, from 1.8% in 2016 to 1.7% in 2017.

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1 The project data in this report has been developed in conjunction with IBM. In reconciling this data with our existing EIM database, we have restated the results for 2016 for the UK to reflect more information and to ensure consistency in the analysis across Europe.

... consolidating its second-placed ranking in the UK, behind London

Looking across the FDI performance of the various areas of the UK in 2017, Scotland gained the second largest number of projects behind London. During the year, London recorded 459 projects, followed by Scotland with 116, and then North West England with 105 projects. This means Scotland has now ranked second behind London in attracting UK FDI projects in five of the past six years, reaffirming its consistent status as the UK’s second most attractive location for FDI.
FDI job creation in Scotland rises ...

The statistics on employment generated by FDI can vary significantly depending on how many projects actually report job numbers. To overcome this, from 2016 we have started estimating employment impacts on project-by-project. On this basis, Scotland’s total number of jobs secured through FDI in 2017 increased by 104% over 2016, rising from 3,131 to 6,374. This represented the highest number of FDI jobs created in any year in the past decade.

... as the scale of Scottish projects expands

The 2017 FDI employment figures also signal a significant change in the scale of projects coming into Scotland. In the period since 2011 onwards, the trend had been to secure larger numbers of smaller projects generating relatively low numbers of jobs. In 2017, however, employment from FDI in Scotland more than doubled against the background of a 7% rise in the number of projects — indicating a significant increase in the scale of projects.

The rises in Scottish projects’ scale and employment impact mean that Scotland’s share of all FDI employment secured in the UK in 2017 increased, rising to 13% from 7% in 2016. That said, Scotland’s 2017 share of FDI jobs is still well below its high point of the decade in 2011, when Scotland claimed a 20% share of UK employment from FDI.

Overall, the estimate of 6,374 FDI jobs secured by Scotland in 2017 meant it was ranked fourth for job creation across the ‘UK Regions’, behind London (8,522 jobs), the West Midlands (7,350) and the North West (7,035).

The increasing scale of investments into Scotland is also reflected by the fact that 10 Scottish FDI projects created 200 jobs or more in 2017. By contrast, in 2016 only six projects were recorded that exceeded 100 jobs. The largest Scottish FDI project in 2017 was a Norwegian offshore oil & gas investment, but after that the mix of projects was varied: business services recorded three projects of 200+ jobs, and both Edinburgh and Glasgow recorded four of these large projects each. Of the larger projects, three originated from the US and two from China, illustrating Scotland’s improving performance with regard to Chinese investments.
Largest FDI projects in Scotland in 2017 by employment (200 jobs or more)

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<thead>
<tr>
<th>City</th>
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<td>Oil &amp; Gas</td>
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<tr>
<td>Edinburgh</td>
<td>United States</td>
<td>500</td>
<td>Wholesale, retail &amp; distribution</td>
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<tr>
<td>Aberdeen</td>
<td>Germany</td>
<td>300</td>
<td>Chemicals &amp; Plastic</td>
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<tr>
<td>Edinburgh</td>
<td>Australia</td>
<td>300</td>
<td>Finance</td>
</tr>
<tr>
<td>Glasgow</td>
<td>Bermuda</td>
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<td>Business services</td>
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<td>Leisure, culture &amp; tourism</td>
</tr>
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<td>Glasgow</td>
<td>Spain</td>
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<td>Business services</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>China</td>
<td>200</td>
<td>Leisure, culture &amp; tourism</td>
</tr>
</tbody>
</table>

Source: analysis based on IBM database, 2017; EY European Investment Monitor, 2016

Sectors: business services leads the way in Scottish FDI...

The leading sector in 2017 — as in 2016 — was business services. In 2017, the number of FDI projects secured by Scotland from the business services sector rose by 10% to 23 projects — an increase achieved against the background of a 10% drop in business services projects into the UK as a whole. The increase in business services projects in Scotland means they accounted for 20% of all Scottish FDI projects in 2017.

The lead, held by business services Scottish FDI, contrasts with the position across the UK as a whole, where the digital sector generated the largest number of projects in 2017. However, digital FDI projects in Scotland did register a substantial increase during the year, rising by some 56% to 14 projects. This increase means digital accounted for the second largest number of projects generated by any sector in Scotland, and made up 12% of all Scottish FDI projects.

The fastest growing sector for FDI projects in Scotland in 2017 was agri-food, with a 120% increase to 11 projects. However, there were some sectors whose project flows into Scotland declined. Utility supply, finance, and pharmaceuticals were the sectors among Scotland’s top 10 which declined in number during 2017, registering falls of 27%, 22% and 38% respectively.

... while sales and marketing remains the dominant activity ...

In terms of the areas of activity being undertaken by FDI projects, the single biggest activity for projects investing in Scotland in 2017 was some type of sales and marketing office. During the year, sales and marketing FDI accounted for 30% of investment projects, down from 38% in 2016. In absolute terms, sales and marketing offices recorded 35 projects in 2017, a decrease of 15% from 41 projects in 2016.

The second largest number of projects was in manufacturing FDI. In 2017, Scotland secured an impressive total of 30 manufacturing investment projects. This represented a rise of 25% on 2016, and the second highest number of manufacturing investments recorded in the past decade, narrowly behind the 31 projects secured in 2014.
Scotland puts in another strong showing in securing Foreign Direct Investment (FDI) …

... and Scotland consolidates its lead in Research & Development (R&D) FDI into the UK

An equally positive development in the 2017 FDI figures is Scotland’s continued strength in attracting R&D projects. Last year we noted Scotland’s emergence as the UK’s R&D leader. In 2017, R&D FDI projects into Scotland rose by 70% to 22 investments – making R&D the third biggest activity of projects into Scotland, and meaning that Scotland secured 24% of all UK R&D investments, ahead of all other regions including London. The R&D projects attracted by Scotland during the year also represented the second-highest total in the past decade, narrowly behind the 23 R&D projects it recorded in 2015.

Among other FDI activities, back office projects – at 14 in total – accounted for 12% of all investments into Scotland in 2017. Scotland also appears to be performing increasingly well in securing headquarters (HQ) projects. In both 2016 and 2017, HQ projects in Scotland were at their highest for the past decade – in a period when the UK has been recording a declining share of HQ projects.

R&D projects secured by all areas of the UK, 2008–2017

<table>
<thead>
<tr>
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<td>14</td>
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</table>

Source: analysis based on IBM database, 2017; EY European Investment Monitor, 2016
Origins of investment projects: the US is still out in front...

Turning to the countries of origin of FDI projects into Scotland in 2017, the single biggest contributor was once again the US, maintaining the position it has held for many years. In fact, the US strengthened its hold on first place in 2017, with the number of US projects secured by Scotland increasing by 16% to 36 projects, from 31 the previous year. Scotland is slightly more dependent than the UK as a whole in terms of the proportion of projects secured from the US, with the UK having secured 28% of its projects from the US during the year.

... with rises from Norway, France, Ireland – and China

While the US’s leadership in Scottish FDI is reflected at a UK level, there are significant variations further down the ranking. For example, unlike the remainder of the UK, Scotland secured its next largest numbers of FDI projects from Norway and France, with both of these countries increasing their numbers of projects locating in Scotland. As a result, Scotland secured two-thirds of all Norwegian outbound investment into the UK – clearly reflecting Norway’s strong focus on the oil & gas industry – and 15% of all French FDI into the UK.

Also notable in 2017 was the increase in Irish investment projects into Scotland, against a backdrop of falling investment from Ireland into the UK as a whole. There were also signs of a sustained pick-up in investment from China, an area where Scotland has historically not performed well. Prior to 2016, Chinese investment into Scotland did not exceed a single project in any one year. But in the past two years, Scotland has secured five Chinese projects in 2016 followed by six in 2017, making China the fifth most important source of projects for Scotland.

UK FDI cities: Scotland has three in the top ten

Looking across the FDI performance in 2017 from all areas of the UK outside London, it’s clear that cities remain a strong and often vitally important focus and driver for inward investment activity. The key role played by cities is underlined by the FDI figures for Scotland in 2017, with three Scottish cities occupying places in the UK’s top ten FDI cities for the year – albeit with contrasting performances in terms of FDI compared to 2016.

Edinburgh overtook Glasgow as the highest ranked Scottish city for FDI in 2017, securing 29 projects during the year – a rise of 45% on 2016, putting it third in the UK overall. Conversely, Glasgow had a less successful year than in 2016, falling to joint sixth place in the UK FDI cities ranking with a decline of 41% in projects secured. Aberdeen saw a modest fall in project numbers, but remained eighth equal in the UK. Scotland also has a fourth city in the top 20 UK locations, with Livingston recording six projects and being ranked joint 20th.

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Top countries of origin and performance against 2017

Source: analysis based on IBM database, 2017; EY European Investment Monitor, 2016

Top 20 cities gaining FDI in UK in 2017 and change on 2016

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<thead>
<tr>
<th>Rank</th>
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Source: analysis based on IBM database, 2017; EY European Investment Monitor, 2016
Scotland’s robust performance is backed up by investors’ perceptions …

Overall, the picture that emerges from the FDI figures for 2017 is that Scotland is more than holding its own in terms of attracting FDI as the UK approaches the Brexit transition. And the view that Scotland’s FDI attractiveness is holding firm amid the current uncertainties, is reinforced by the findings from our annual survey of investors’ perceptions of the UK.

In our 2018 study we interviewed more than 440 investors across the world, 64% of whom already invest in the UK. Worryingly, the findings show that the UK’s overall attractiveness is seen as having declined relative to its competitors in Europe. Asked to name their top three countries for FDI in Europe, investors put Germany first on 66%, the same as the previous year. But behind Germany, France gains eleven percentage points to take second place with 56%, while the UK slips to third place, falling by three percentage points to 52%.

Overall, the picture that emerges from the FDI figures for 2017 is that Scotland is more than holding its own in terms of attracting FDI as the UK approaches the Brexit transition. And the view that Scotland’s FDI attractiveness is holding firm amid the current uncertainties, is reinforced by the findings from our annual survey of investors’ perceptions of the UK.

According to you, which are the top three countries for FDI in Europe?

Source: EY’s UK Attractiveness Survey 2018, sample (n=443)
NB: Open-ended question, three possible answers. Only those countries quoted at 2% or above are shown.
Scotland’s robust performance is backed up by investors’ perceptions ...

... which are holding steady ...

However, while the UK may be seeing an overall decline in perceived attractiveness for FDI, perceptions of Scotland are holding steady, with 3% of investors globally citing it as the most attractive place to locate UK operations – the same percentage as in 2016. It’s also interesting to note that London’s rating fell by 3 percentage points, perhaps indicating that a rising proportion of investors are looking beyond London when considering investing in UK projects. This should be good news for Scotland and other areas outside London.

... and provide Scotland with clear guidance around which attributes to focus on

Our 2018 perception study also provides further valuable messages for Scotland around the attributes that investors are looking for, and it should look to focus on to keep winning FDI in the future. Each year we ask respondents to rate the factors that influence them when choosing an FDI location in the UK. On this question, the top criterion in 2017 – the availability and skills of the local workforce – has extended its lead, with its rating rising from 28% to 33%. The availability of business partners and suppliers also remains an important consideration. And if we add together the two related factors of transport infrastructure, and telecommunications and technology infrastructure, they produce a combined rating of 30% – a score that would take second place. So these are all elements of the offer to investors that Scotland should look to major on.

In this context, a particularly interesting development is the rise in importance attributed to support from regional economic advisory bodies (up from 5% to 7%) and more markedly access to regional grants and incentives for investment (9% to 13%). Against the background of uncertainty over the ultimate terms of Brexit, these increases may indicate a desire among investors to have more support and incentives to invest in particular regions of the UK, including Scotland.
EXTERNAL VIEWPOINT
Scotland Is Now
Paul Lewis
Managing Director, Scottish Development International

The market for inward investment remains relentlessly competitive; unsurprising given the huge role it plays in stimulating economies. We know this first hand: a recent evaluation showed that for every £1 spent on attracting inward investment to Scotland, £9 is generated for the Scottish economy. Scotland has had to deliver three consecutive record years to retain its ranking and consolidate its position as the UK’s most attractive FDI destination outside London, so we can’t rest on our laurels. To compete, locations increasingly have to offer not only strong business fundamentals such as skilled labor and the right business environment; they also need to demonstrate where they are internationally competitive and what sets them apart from the competition.

This has been the approach Scotland has taken to inward investment. Becoming more focused and targeting our resources on those areas of opportunity where we see more likelihood of success. So it is encouraging to see these efforts starting to pay off, particularly in areas like R&D investment and in digital FDI.

In recent years, Scotland has capitalized on its strengths in the digital economy and specifically in data science, with both Edinburgh and Glasgow now featuring in the top four UK locations for innovative technologies. We have continued to invest in the capabilities which exist within our universities and innovative companies, and boast world-class academic excellence such as Edinburgh University’s School of Informatics. This is part of an approach to build an environment in Scotland that can generate growth and attract new inward investors, using investments in DataLab – our dedicated data innovation center as well as plans for substantial investment into Data Driven Innovation led from Edinburgh.

The success of this focus is reflected in the growing number of investors choosing Scotland as a location for their data-driven businesses, and we are aiming to position Scotland as the data capital of Europe within the next few years.

A similar approach is being taken in other sectors like high value manufacturing, which has seen a 25% increase in FDI manufacturing projects. This is a very competitive market for investment, and our success in this area reflects the considerable work with industry around innovation and plans to establish a new National Manufacturing Institute for Scotland which will support highly-skilled jobs and help place Scotland at the forefront of advanced manufacturing.

The survey also highlights that, once again, Scotland is the UK leader in attracting R&D FDI. This is a fantastic result for Scotland and it shows that international investors are getting a clear message that Scotland is the natural home for innovative companies. This is down to a number of factors, including the reputation of our academic institutions for driving R&D and innovation and the fact that Scotland has increased the level of R&D funding available to companies to help them develop new products, services, processes and business models in Scotland.

So business reasons matter to why companies invest – and companies choose to locate in places that offer a high quality of life and a distinct identity. There are of course a great many surveys which highlight the attractiveness of Scotland as a place to live and work. And, building on this, we are aiming to accelerate international growth through the new global brand campaign, Scotland is Now. This is a significant development, representing a confident, consistent and bold approach to build a positive and meaningful story of why Scotland is a great place to live, work, study, visit and of course invest.

Now is the time for Scotland to harness this momentum in our response to this ‘golden opportunity’ that the EY report highlights – that will mean looking at new partnerships and collaborations for even greater international reach and economic impact.

There is no waiting. Scotland Is Now.
Staying competitive and successful in uncertain times

The figures on FDI projects secured by Scotland in 2017, taken together with the findings of our 2018 perceptions study, indicate that Scotland is succeeding in maintaining its attractiveness to FDI.

There are many positives to be taken from this report, to name but a few:

► Scotland has maintained its run of annual FDI records
► Consolidated its position as the UK’s most attractive FDI destination outside London
► The UK leader in attracting R&D FDI, and has seen perceptions of Scotland as an FDI location hold firm.

These findings all point to a golden opportunity for Scotland: the clear potential to capitalize on its proven strengths, by pushing harder to secure a position as the UK alternative to London for projects in sectors like financial services and digital, and for HQ and R&D projects across all industries.

In the current environment, it’s especially vital that Scotland seizes this opportunity. In ‘normal’ times, Scotland’s ongoing strong performance would point to a bright future for FDI in the nation. But, in an uncertain environment with Brexit looming large on the horizon, nothing can be taken for granted. The only certainty is that there is a degree of turbulence ahead, both for Scotland and the UK as a whole. However, Scotland’s continuing outstanding performance in securing FDI projects provides a solid base from which to manage and navigate that turbulence. Doing this successfully will mean continuing to build on Scotland’s renowned strengths, and working tirelessly to keep improving attractiveness to investors across the world. The strong performance to date is no reason to relax these efforts – but rather an incentive to redouble them.
Revisions to the 2016 data

IBM, our new service provider for this year’s attractiveness reports, has a slightly different approach to project acceptance, and for consistency purposes we are basing and benchmarking this year’s report on current and previous IBM data. The main differences are on relocations, the treatment of two projects on one site, and a threshold for projects related to retail. The change in methodology has required a recast of the numbers to make year-on-year comparables reliable, but therefore different from the 2016 report. However this approach is in line – and has been checked with – numbers from the UK Department for International Trade (DIT).
Methodology: how EY researched the report

The ‘real’ attractiveness of Europe for foreign investors

Our evaluation of the reality of FDI in Europe is based on IBM’s Global Location Trends database for 2017 (see information panel), combined with EY’s European Investment Monitor (EIM) for 2016. Like the EIM that we’ve used in previous years, the IBM GLT database tracks those FDI projects that have resulted in the creation of new facilities and new jobs. By excluding portfolio investments and M&A, it shows the reality of investment in manufacturing and services by foreign companies across the continent.

Data is widely available on FDI. An investment in a company is normally included in FDI data if the foreign investor acquires more than 10% of the company’s equity and takes a role in its management. FDI includes equity capital, reinvested earnings and intracompany loans.

But our figures also include investments in physical assets, such as plant and equipment. And this data provides valuable insights into:

► How FDI projects are undertaken
► What activities are invested in
► Where projects are located
► Who is carrying out these projects.

The EU Attractiveness series is a leading information provider tracking inward investment across Europe. This flagship business information tool from EY is a detailed source of data on cross-border investment projects and trends throughout Europe. The reports in the series are frequently used by government bodies, private sector organizations and corporations looking to identify significant trends in employment, industry, business and investment.

The EY attractiveness reports focus on investment announcements, the number of new jobs created and, where identifiable, the associated capital investment. Projects are identified through the daily monitoring of more than 10,000 news sources. To confirm the accuracy of the data collected, the research team aims to directly contact more than 70% of the companies undertaking these investments.

The following categories of investment project are excluded from the FDI figures:

► M&A and joint ventures (unless these result in new facilities or new jobs being created)
► License agreements
► Retail and leisure facilities, hotels and real estate*
► Utilities (including telecommunications networks, airports, ports and other fixed infrastructure)*
► Extraction activities (ores, minerals and fuels)*
► Portfolio investments (pensions, insurance and financial funds)
► Factory and other production replacement investments (e.g., replacing old machinery without creating new employment)
► Not-for-profit organizations (charitable foundations, trade associations and government bodies)

* Investment projects by companies in these categories are included in certain instances. For example, details of a specific new hotel investment or retail outlet would not be recorded. But if the hotel or retail company were to establish a headquarter facility or a distribution center, this project would qualify for inclusion in the database.
The ‘perceived’ attractiveness of Europe and its competitors for foreign investors

We define the attractiveness of a country or area as the combination of its image, investors’ level of confidence in it as an investment destination and the perception of its ability to provide the most competitive benefits for FDI.

The research on perceptions of the UK’s attractiveness was conducted by the CSA Institute from January to February 2018, via telephone interviews with a representative group of 443 international decision makers.

### Sector activities

- **Private & business services**: 34%
- **Industry, automotive, energy**: 28%
- **Consumer**: 22%
- **High-technology & telecommunication infrastructures and equipment**: 09%
- **Chemical industries, pharmaceutical industries**: 07%

### Location of interviewees

- 50% Outside the UK
- 50% Inside the UK

### Presence in the UK

- 64% In the UK
- 36% Not present in the UK

### Size in annual sales

- Less than 150 million euros: 35%
- From 150 million euros to 1.5 billion euros: 38%
- More than 1.5 billion euros: 27%

### Global headquarters

- Northern America: 43%
- Western Europe: 28%
- Asia: 17%
- Oceania: 04%
- Northern Europe: 04%
- Central & Eastern Europe: 02%
- Russia: 01%
About the Attractiveness Program

EY’s attractiveness surveys are widely recognized by EY clients, the media and major public stakeholders as a key source of insight on foreign direct investment (FDI). Examining the attractiveness of a particular region or country as an investment destination, the surveys are designed to help businesses to make investment decisions and governments to remove barriers to future growth.

A two-step methodology analyzes both the reality and perception of FDI in the respective country or region. Findings are based on the views of representative panels of international and local opinion leaders and decision-makers. The program has a 17-year legacy and has produced in-depth studies for Europe, a large number of European countries, Africa, the Mediterranean region, India, Japan, South America, Turkey and Kazakhstan.

For more information, please visit: ey.com/attractiveness #EYAttract

The Scotland attractiveness report is part of the EY Economics for Business programme which provides knowledge, analysis and insight to help business understand the economic environments in which they operate. ey.com/uk/economics ey.com/ukas economics@uk.ey.com

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EY’s Attractiveness country reports in Europe 2018

Europe
Belgium (in French)
Belgium (in Dutch)
France
Germany
The Netherlands
Nordics
Portugal
Russia
Scotland
United Kingdom

Further reports to be launched in EMEIA later this year include Africa, Italy and Malta.
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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