



Report to:	Development Committee
Subject:	Role of cities in attracting foreign direct investment (FDI)
Date:	19 August 2014
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1	Relevant Background Information
1.1	Members will be aware that, for some time, there has been an interest in understanding the scale and nature of foreign direct investment (FDI) in the city of Belfast and in considering what role the council could and should play in attracting that investment.
1.2	Belfast is consistently among the best performing UK cities in terms of attracting investment from overseas. The statutory responsibility for attracting inward investment to Northern Ireland rests with Invest NI and the organisation has recently expanded its international network of offices. It now has 17 offices across the world covering Europe, North America, Asia Pacific, India, Middle East and Africa.

2	Key Issues
2.1	OCO is a local company that provides foreign investment consultancy advice and support to a range of economic development agencies across the world including UK Trade and Investment (UKTI), Invest in Sweden Agency, Invest Hong Kong, Invest in France and the Jordan Investment Board.
2.2	At the request of the Director of Development, the company prepared an overview report to illustrate urban approaches to FDI attraction (see Appendix 1) as a means of informing the future discussion on this issue. The report profiles a number of UK cities as well as one French city (Lyon) as comparators and outlines the structures that exist in each of the cities to support FDI.
2.3	While the examples outlined differ in their scale, approach and structures, each of the cities has developed an investment approach in parallel to the national/regional investment structures. This illustrates the importance that each of the locations attaches to attracting FDI to their city as well as the potential for complementary approaches involving a range of partners.

2.4	The report notes that FDI is increasingly becoming focused on service sectors – four out of the top five sectors for FDI into the UK in 2012-2013 were services (software and IT services, business services, financial services and communication). These sectors tend to be located in urban areas. It also references a recent research report which suggests that around 3 in 4 of all highly skilled jobs are located in cities. This leads to the understanding that cities are magnets for FDI and the associated benefits that this can bring. However it also outlines the importance of cities taking a clear and practical role in attracting and supporting FDI in order to maximise the benefits that can be generated from the investment.
2.5	<p>Case studies of approaches to investment promotion in a number of cities are outlined. While there are significant variations in terms of both structure and resources, there are a number of interesting points of note:</p> <ul style="list-style-type: none"> - The examples illustrate the strong precedent that exists for local authorities to pro-actively develop approaches to inward investment attraction, in tandem with and alongside national and regional agencies - While some of the agencies have overseas offices, others operate from local offices only - There are close similarities in the target sectors for each of the agencies, namely digital and creative, science and health/life sciences, business and financial services and advanced engineering. This reinforces the competition and the need to develop a distinct and competitive offer - Many of the cities use the breadth of services that they support (economic development, planning, training and city marketing) to create a wrap-around offer to prospective investors, streamlining the investment process for them - A number of cities combine their destination and business marketing approaches – there is consistency of message and branding - All of the agencies focus on job creation as an output – targets are set and are measured annually.
2.6	While Local Government Reform will provide councils with additional powers, it is clear that Northern Ireland will still lag significantly behind local authorities in England who are responsible for 27% of all public expenditure and have a broader set of responsibilities.

3	Resource Implications
3.1	No specific resource implications associated with this report.

4	Equality and Good Relations Considerations
4.1	There are no specific equality and good relations considerations attached to this report.

5	Recommendations
5.1	Members are asked to consider the contents of the attached report and presentation by OCO.

6	Key to Abbreviations
FDI – Foreign Direct Investment UKTI – UK Trade and Investment	

7	Documents Attached
Appendix 1 - Urban approaches to FDI attraction – report by OCO.	