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## Foreign Direct Investment Confidence

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Australia was ranked as the eleventh most attractive destination in the world for foreign direct investment (FDI) in A.T. Kearney's 2007 FDI Confidence Index. The survey tracks the impact of likely political, economic and regulatory changes on FDI intentions and preferences of executives of the world's leading companies.

In general most companies invest in nearby markets. Australia was among a select group of countries rated highly by companies in all three regions – Asia, Europe and North America. Other countries to rank highly include China, India, the United States, Hong Kong, Germany and Brazil.

Record commodity prices, buoyed by strong demand from Asia, continue to drive foreign interest in Australia's natural resources, with mining and oil and gas companies particularly upbeat about investment prospects. Australia's services industry is also attracting more investors. Australia has been ranked highly as an attractive FDI location by engineering, accounting, research, health care and consulting services companies in recent A.T. Kearney surveys.

Foreign Direct Investment Confidence Index, 2007

| Country        | Rating (1) | Ranking |
|----------------|------------|---------|
| China          | 2.21       | 1       |
| India          | 2.09       | 2       |
| United States  | 1.86       | 3       |
| United Kingdom | 1.81       | 4       |
| Hong Kong SAR  | 1.78       | 5       |
| Singapore      | 1.75       | 7       |
| Germany        | 1.70       | 10      |
| Australia      | 1.68       | 11      |
| France         | 1.67       | 13      |
| Canada         | 1.65       | 14      |
| Japan          | 1.63       | 15      |
| Malaysia       | 1.62       | 16      |
| Indonesia      | 1.58       | 21      |
| Korea          | 1.57       | 24      |

Footnotes:

1: Ratings are calculated on a scale of zero to three, where zero represents a highly unattractive market and three represents a highly attractive market.

Source: *FDI Confidence Index*, A.T. Kearney, December 2007.