KPMG

Global Corporate Capital Flows, 2008/9 to 2013/14

A study of the investment intentions of companies in 15 countries around the world.

June 2008

TAX

AUDIT ▪ TAX ▪ ADVISORY

Across KPMG's global network of member firms, we have 22,000 tax professionals. The insights they offer - both in local tax knowledge and cross-border tax skills - provides organizations, both large and small, with clear and defendable advantage in the immediate and long-term. And crucially, through the deep industry knowledge of our people and multi-disciplinary approach, we are able to help our firms' clients to think beyond the present, see beyond borders and achieve long-lasting success.

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Introduction

The only certain thing about the shape of the global economy in future is that it will be different from what we see today.

To offer our member firms clients and guests an opportunity to think beyond the present, see beyond borders and debate how things might be different, we have devoted the whole of our 2008 European, Middle East and Africa Tax Summit, taking place in Barcelona, to discussions on how the global economic game is changing, and what the new rules might be.

As a contribution to these discussions, we have commissioned a research project covering 15 countries around the world, asking over 300 corporate investment strategists, plus representatives of private equity funds and sovereign wealth funds, where and how they expect to be investing the funds under their control both in the next 12 months, and in the next 5 years.

The countries covered were the U.S., U.K., Germany, Spain, Netherlands, Switzerland, Ireland, Russia, India, Australia, Canada, China, Brazil, Mexico and South Africa.

This is our report on what these people told us about their expectations for the world economy and their future plans. We think it gives some very clear indicators of the future direction of corporate capital flows, and raises some fundamental questions about how governments and corporations can and should react.

We hope that delegates to KPMG's 2008 EMEA Tax Summit, as well as company leaders, government officials, commentators, and anyone with an interest in the future direction of the world economy, will find this an interesting and thought provoking debate, helping them to make decisions now that may add long-lasting value.

Sue Bonney
KPMG's Europe and EMA Head of Tax

Commentary

- Global corporate investment flows are switching from the U.S., Japan, Singapore and some European countries to China, India, Russia and Brazil.
- The U.S. economy should retain its position as a world leader, but is expected to share this position with China.
- India is likely to lead in manufacturing investment, and the U.K. should be able to compete on equal terms with the U.S. in financial services.
- European economies hold up well, but governments must find a way to counter the attraction of new markets in the BRIC countries if they are to keep their share of investment.

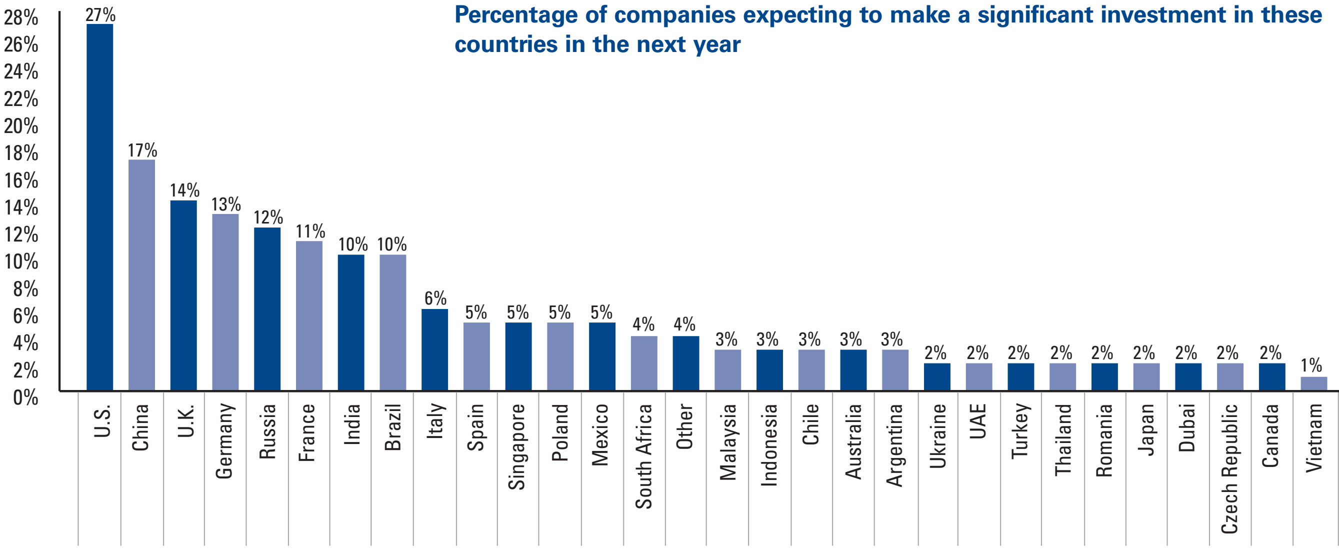
The increasing importance of the economies of China, India, Russia and Brazil (BRIC), and widespread economic concerns in Europe and the U.S., suggest that we may now be beginning a new phase in global economic development. Companies need to ask whether the global business game is changing, and whether we know the new rules.

To find out whether there really is a new pattern emerging and if so, what its implications might be, researchers asked over 300 senior corporate investment strategists in 15 countries around the world which countries (other than their own) they plan to invest in during 2008/09, and where they are looking to invest in five years' time.

This group of people was chosen because their investment decisions are medium to long term, they are intended to generate real growth for the companies these people run, and they are usually made on the basis of careful analysis of the underlying prospects for markets and countries. To add a slightly different perspective, researchers also carried out 10 in-depth interviews with private equity fund managers and controllers of sovereign wealth funds. These are organizations with a very significant influence on investment flows, but with a different set of priorities from corporate investors.

The results point to a marked change in the pattern of investment. This year, the U.S. leads by a long way, with 27 percent of investors planning a significant investment in the country in the next 12 months. Next is China, with 17 percent, followed by the U.K., with 14 percent, Germany with 13 percent and Russia with 12 percent.

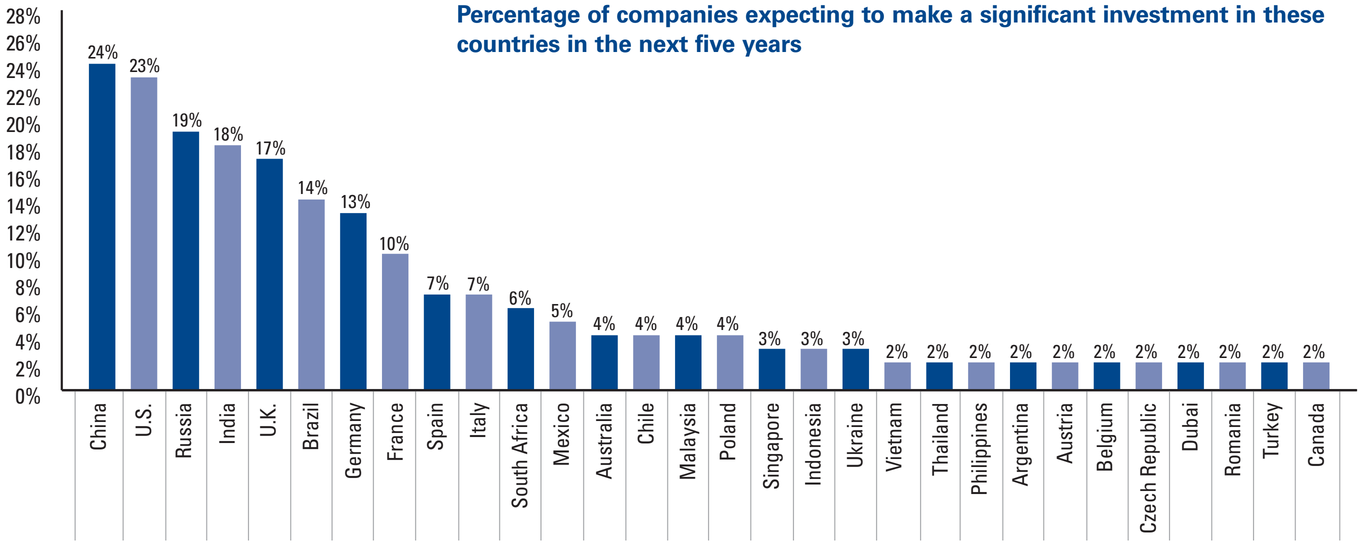
Percentage of companies expecting to make a significant investment in these countries in the next year



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

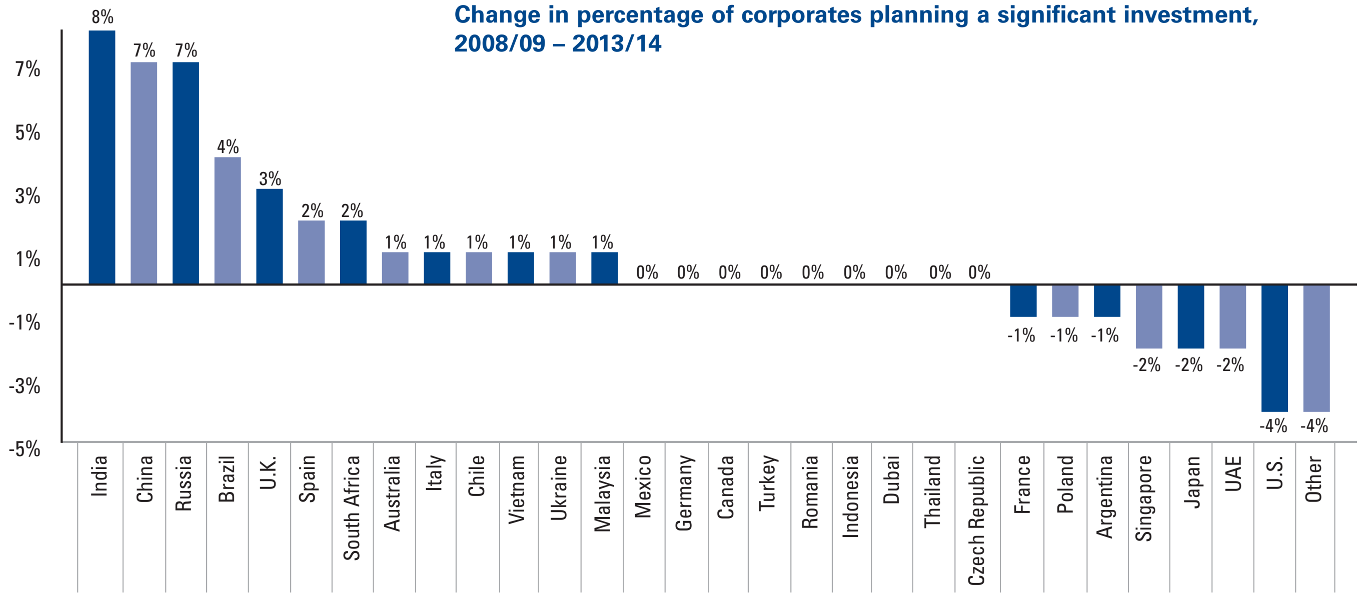
In five years' time, however, China is expected to head the table, with 24 percent planning an investment, followed by the U.S. with 23 percent and Russia with 19 percent. Fourth, and the biggest winner overall, will be India with 18 percent, a rise of 8 percent. The U.K. will be fifth, with 17 percent. Elsewhere in the table, one of the major winners will be South Africa, where today's figure of 4 percent expecting to invest will rise to 6 percent.

Percentage of companies expecting to make a significant investment in these countries in the next five years



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Change in percentage of corporates planning a significant investment, 2008/09 – 2013/14



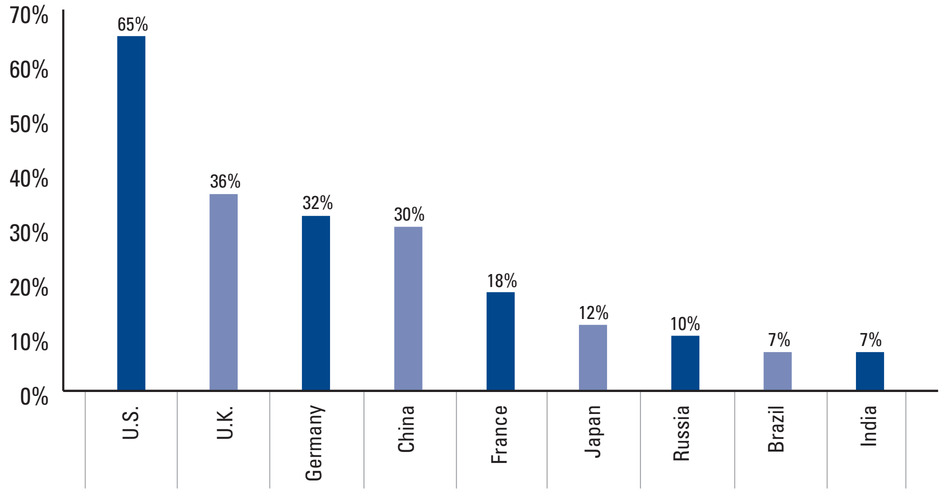
Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Although Brazil will overtake Germany and France, with Russia and India outpacing both the U.K. and Germany, the survey suggests that this is not due to any substantial decline in the attractiveness of the major European economies. Investors expect to remain broadly as enthusiastic for investments in France, Germany and the U.K. in 2013/2014 as they are today.

There is a shift in sentiment away from the U.S., and it seems likely that much of the additional investment expected to go to the BRIC economies will come from funds which would otherwise have gone to North America. Given the very high levels of funds flowing into the U.S. economy over the past five years, it is possible that investors are anticipating a return to more "normal" long term patterns of investment. Indeed, when researchers asked investors for their views on the current difficulties in the credit markets, most (76 percent) saw these as affecting investment strategies for no more than 2-3 years, and there was a strong view that today's problems represented a process returning the markets to normality after several years of abnormal conditions.

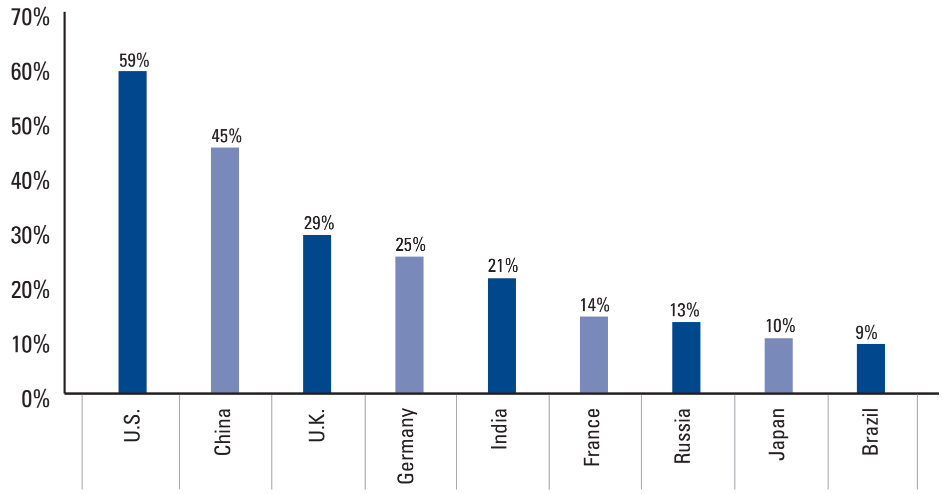
But a return to the market conditions of, say, 2003 would not explain the change that investors expect in the countries with most commercial influence in their sector. Asked which are the top three countries dominating their sector today, 65 percent ranked the U.S. as most dominant, followed by the U.K. with 36 percent, Germany with 32 percent, China with 30 percent, France with 18 percent and Japan with 12 percent.

Percentage of corporates declaring these countries dominant in their sector now



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Percentage of corporates expecting these countries to be dominant in their sector in five years



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Looking ahead, although the U.S., U.K. and Germany are still highly influential with respondents, their dominance is expected to reduce in favor of China, which moves into second place with 45 percent of responses. More surprising, Japan, for so long an industrial and technological powerhouse, is displaced by India which also overtakes France. In some sectors, this shift in influence is even more marked. According to respondents China will become the world leader in mining, industrial products, and IT/telecoms, with India becoming the leader in manufacturing investment and the U.K. competing on equal terms with the U.S. for investment in financial services.

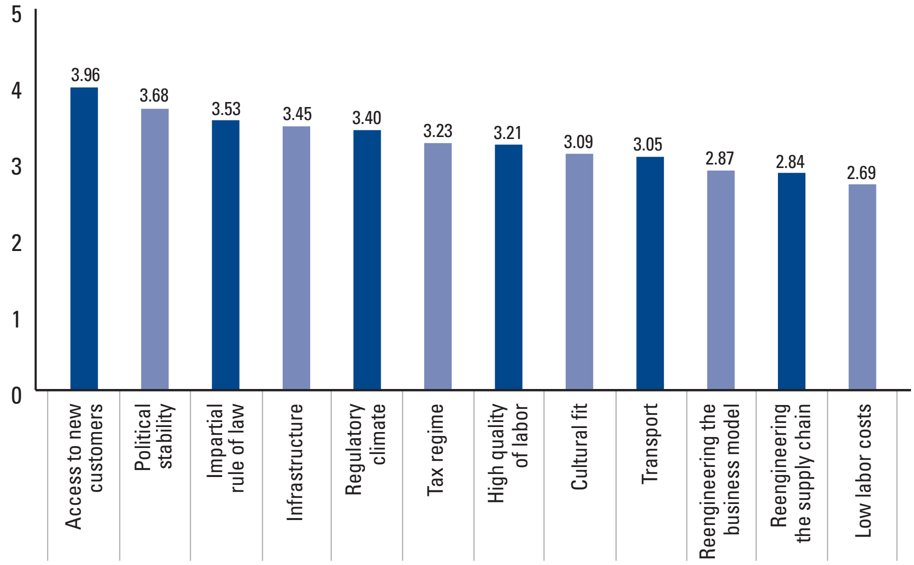
Coming from this particular group of people, this is, by itself, evidence of a significant shift in their expectations of future global economic power. If the survey respondents are changing their view, and given that the investment decisions they make are usually based on good evidence, thorough analysis and caution, it is worth looking more closely at what attributes they look for in a country before investing, to see what this might say about these new economic giants.

The first point to make is that when choosing their preferred country for investment in the next five years, with the exception of India, the majority of investors (71 percent) were not making their first entry into the country. Just under half (42 percent) were planning to use profits from existing investments in the country to consolidate or expand their operations.

So a large proportion of this group are reinvesting the results of earlier, successful investments or are using new funds to increase their exposure to these markets. This suggests that many respondents are not in the early, high risk stages of their involvement in a new economy, but have satisfied themselves through experience that these markets work and investments can be made safely and with confidence.

Asked what are the main attributes they look for in a country before investing, the most popular was access to new customers, followed closely by political, legal and regulatory stability and predictability. Quality of labor was generally valued much more highly than low cost of labor.

Most influential factors when choosing a country for investment, rated on a scale of 1 (least important) to 5 (most important)



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Tax policy is a factor, but stability is more important than a low corporate tax rate or specific incentives like tax holidays. One respondent commented that governments understand very well the impact that their tax policies can have on inward investment, and are unlikely to act against their own interests. Another described certain tax regimes as "an irritant", but no more.

So if investors are looking for good market opportunities, broad social stability, predictability of outcomes and a commercially aware approach to taxation, and are planning to increase their investments in the BRIC economies, it is reasonable to conclude that they are finding what they want in these countries. The results of this survey are a strong vote of confidence in the efforts that these countries have been making to hasten their economic and social development.

For European countries, these results present a dilemma. Corporate investment clearly flows to new markets, and there is little that Europeans can do in the short term to match the population and prosperity growth of the emerging economic giants. However, the results also show that corporates like stability and predictability, and it may be that developing and emphasizing the quality of social infrastructure in the European economies presents a new route forward for Europe.

It is less clear what respondents think about the U.S.. It could be interpreted as a vote against high levels of regulation and a relatively high tax burden, but both of these attributes are also found in the economies of Western Europe, and investment in these countries seems, in the short term, broadly unchanged. It seems most likely that we are indeed seeing a return to long term patterns of investment from corporate investors, but this must be of little comfort to U.S. organizations looking for new capital and finding foreign investors less willing to provide it.

It is possible, however, that demand for investment could be met from other sources. A large majority of those polled (61 percent) expected the influence of private equity funds on global investments to increase in the next five years, and a similar proportion (62 percent) expected sovereign wealth funds to do the same.

But people were divided on whether these new sources of capital are necessarily a good thing. Nearly a quarter (24 percent) of respondents said that they would not welcome an investment from a sovereign wealth fund and 71 percent thought that these funds should disclose more information about their investment policies. Private equity funds are much more welcome, but even so, 61 percent would like to see more information from them.

Responses from those funds that took part in the survey suggest that their investment priorities are not very different from those of the corporate investors. Access to markets and stability are high on these people's agendas as well, but they tend to have a stronger focus on the availability of clearly defined exit strategies, and they are more comfortable if there is a good understanding in the target country of concepts of corporate ownership and the difference between debt and equity.

One of the conclusions that can be drawn from our survey is that corporate investors are already planning their responses to a shift in global economic power that has been happening for some time. They help to confirm the rise of the BRIC economies as viable alternative places to invest, taking funds primarily from the U.S.. The continued strength of the European economies may come as a surprise, but the fact that they hold up so well suggests that the world may be developing a roughly equal balance of economic power between the Americas, Europe and Asia Pacific. That would indeed herald the start of an entirely new global economic game.

Country by country

These are summaries of the results of the survey for each of the countries which took part. Each section looks at the attractiveness of the country to corporate investors this year and in five years' time, broken down where possible into results for different sectors. Where relevant, the summaries also report on the views taken by respondents of the influence each country has now, both overall and split down by sector, and its expected influence in five years' time. The summaries also look at the international investment preferences of corporate investors based in each country.

The United States

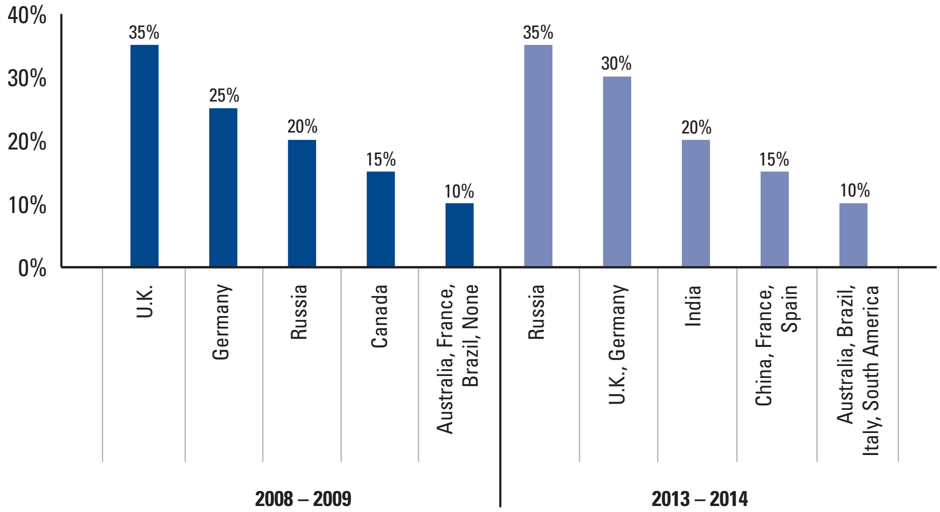
According to respondents the U.S. is clearly the dominant economic power both now and for the foreseeable future. With 27 percent of the sample planning investments in the country in the next year, and 23 percent in the next five years, the decline in investment is notable, but hardly a sign of serious difficulty.

Rather than revealing problems in the U.S., the survey seems to tell a story of increasing confidence in other economies, leading investors to venture out from the comfort of the markets they know. So while the U.S. can expect to have a leading share of investment in the business services, consumer services, financial services, and manufacturing sectors this year, in 2013/14, the country is expected to be equal with China in consumer services, equal with the U.K. in financial services, and trailing behind India, China, Russia and Brazil in terms of investment in manufacturing.

Despite this, the U.S. can expect to remain the leading influence in many sectors for the whole of the period. Where its influence does decline, the U.S. can expect to give way to China in industrial products, mining/utilities, and, significantly, in IT and telecoms.

U.S. corporate investors themselves seem set to follow a slightly different trend from the rest of the world. Today, their most popular destination for investment is the U.K., with 35 percent of U.S. respondents planning to invest here, followed by Germany with 25 percent and Russia with 20 percent. In five years' time the positions switch, with Russia leading the group on 35 percent, the U.K. and Germany joint second on 30 percent and India fourth with 20 percent. The main loser seems to be Canada, which can expect investments from 15 percent of respondents this year but only 5 percent looking ahead.

U.S. corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

China

China is already acknowledged as a major new economic power. In percentage terms, India can expect the largest increase in its share of investment in the next five years, but it is China which will take the largest share of corporate investment by 2013/14, moving ahead of the U.S. to receive funds from 24 percent of corporate investors.

Today, China's greatest strength seems to lie in the industrial products sector, where its share of investment plans this year is 43 percent, rising to 48 percent in 5 years. But this influence is clearly extending rapidly into other sectors. By 2013/14, respondents expect to be placing China equal first with the U.S. in consumer services, equal second with the U.K. in business services, third after the U.S. and U.K. in financial services, joint first with these two countries in IT and telecoms, second to India in manufacturing, and first in mining and utilities.

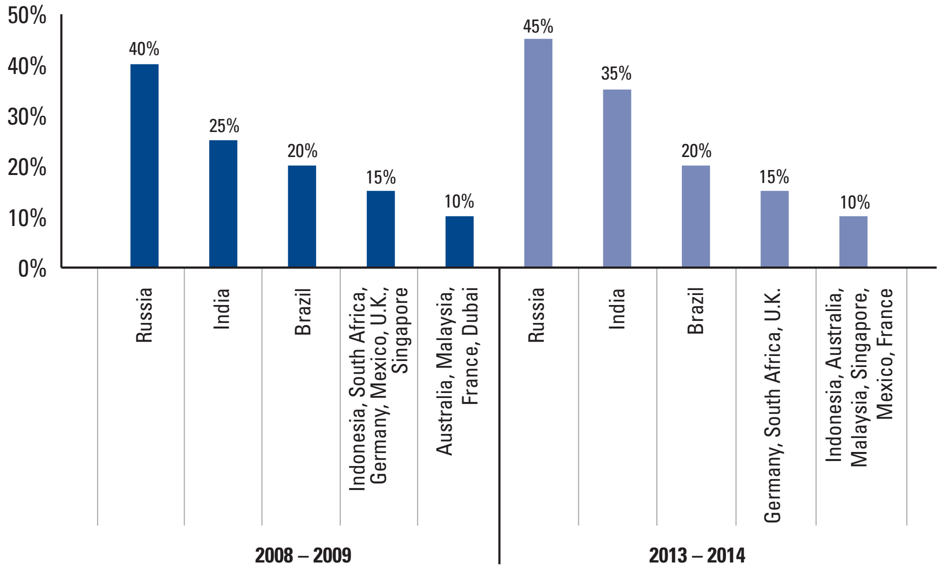
The process of developing influence in a sector naturally follows after these investments have been made and have begun to bear fruit. But here, too, China is expected to make remarkable progress. In overall influence, respondents expect the country to take second place after the U.S., displacing the U.K.. Respondents also believe China will continue to dominate in industrial products, will take over the leading place IT/telecoms and mining/utilities, and will be second in business services, consumer services, manufacturing, and property and transport.

The investment plans of China's own corporate sector look remarkably stable. This year Russia is the choice of 40 percent, India is chosen by 25 percent, and Brazil by 20 percent with the U.K., Germany, Singapore, Mexico, South Africa and Indonesia all on 15 percent.

Looking ahead, Russia's share increases to 45 percent, India's goes up to 35 percent, Brazil stays on 20 percent and the U.K., Germany and South Africa stay on 15 percent.

In marked contrast to many of the other countries surveyed, it's clear that the U.S. is not a favored place for Chinese corporate investors. Only 5 percent from this study plan an investment in the U.S. this year, and none at all in 2013/14.

Chinese corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

United Kingdom

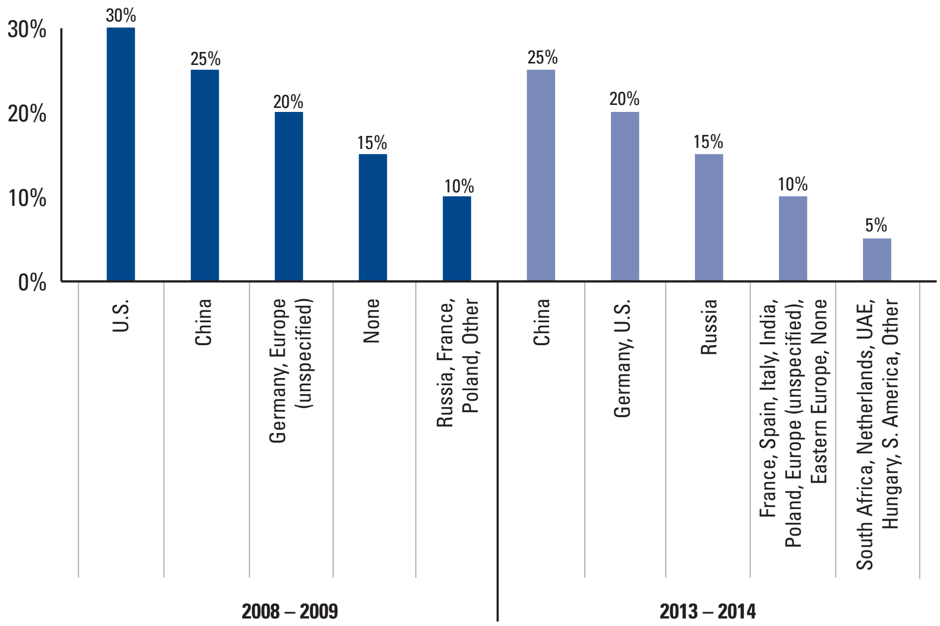
For the U.K., the story coming out of the survey seems to be one of stability and continued growth. From lying third in the table for investment this year, with 14 percent of respondents planning to invest, the U.K. actually increases its share of investment in 2013/14 by 3 percentage points to 17 percent, but is nevertheless overtaken by Russia and India.

According to respondents the U.K. remains the clear leader among the major European economies. In investment terms, in financial services, it is second only to the U.S. now, and equal first with the U.S. in five years. By contrast, Germany lies third in this sector for the year ahead, but falls to equal fifth after China and Russia in 2013/14. The U.K. sits alongside Germany and the U.S. for investment in the IT/telecoms sector for this year, but Germany again gives way to China, India and Russia five years from now. In the property and transport sector, the U.K. leads for investment both now and in five years.

In terms of influence, the U.K. is generally second to the U.S. today, but respondents expect to lose this place to China in most sectors except financial services. It nevertheless remains a strongly influential economy, one of the strongest in Europe, and taken together with its European neighbors it should form a substantial counterweight to the BRIC countries.

For this year, British investors are interested in the U.S. (30 percent), China, (25 percent) and Germany (20 percent). Looking ahead, China stays at 25 percent, the U.S. and Germany are attractive for 20 percent, and Russia looks promising for 15 percent. Virtually all the U.K.'s investments will be additions to existing projects in these countries, with the exception of a relatively small but growing number of investments in European countries.

U.K. corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Germany

Germany looks typical of the mainstream European economies in this survey. Looking ahead, respondents believe the country's investment support holds up well, but it moves down the league table of recipient countries because others, especially the BRIC economies and the U.K., tend to do much better.

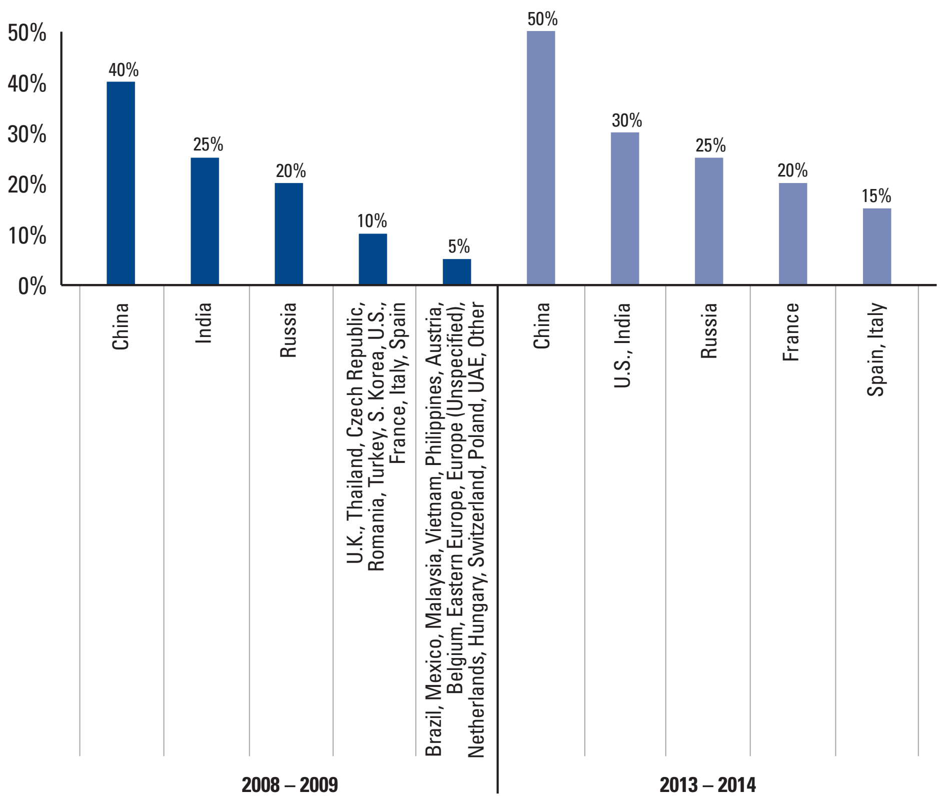
In business services, German companies can expect an increase in corporate investment, with the number of companies planning to invest moving from 10 percent of the sample next year to 14 percent in five years. But even so, Germany stays where it is in the table, joined in fifth place by Russia and France and overtaken by Brazil. In financial services, the country moves from third, with 22 percent planning an investment, to equal fifth with India, losing to China and Russia.

The story in manufacturing is similar, where a 3 percent increase in investment in Germany is not enough to allow it to keep its place in the table. Germany falls from second to fifth.

German influence is second only to the U.S. and U.K. this year, and overall, respondents expect it to decline only by one place, giving way to China, by 2013/14. But again, the influence of the developing countries is expected to grow. China is likely to overtake Germany in manufacturing and both China and the U.K. look set to displace Germany in the property and transport sector.

Germany's own investment plans echo this trend. In the next 12 months China is the choice of 40 percent of German corporates, rising to 50 percent in five years' time. India is chosen by 25 percent this year and 30 percent in five years, when it is joined by the U.S.. Russia can expect its share of German investment to rise from 20 percent to 25 percent, while a mixture of investments in various countries this year will consolidate into investments in France, Italy and Spain.

German corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Russia

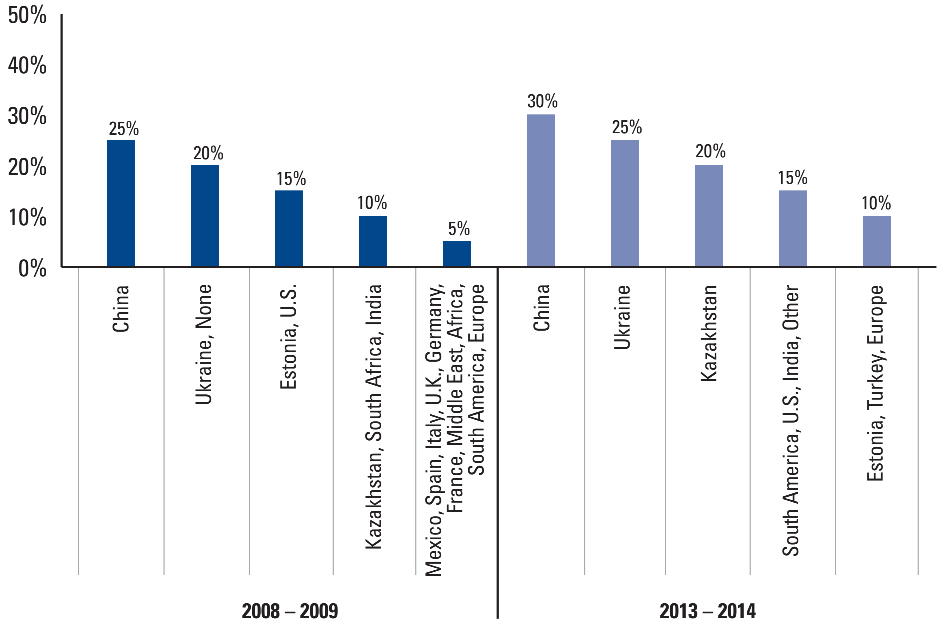
Russia is likely to be a major winner in investment terms, moving from fifth to third in the league table and increasing its overall share from 12 percent to 19 percent.

Russia does particularly well in the manufacturing sector, moving from seventh after Singapore to third after India and China. In business services, Russia moves from ninth to fifth with Germany and France, and in consumer services it moves from joint fourth with the U.K., France, India and Brazil to third after the U.S. and China.

In influence terms, Russia stays in seventh place, possibly reflecting the country's relatively recent move into the high growth group of countries. The two areas where respondents believe the country's influence will grow particularly strongly are consumer and business services, but it is expected to stay still in manufacturing and disappear entirely from the list of countries most influential in financial services.

Russian business's own investment plans follow the global pattern in placing China first both now (25 percent) and in five years (30 percent). But beyond this there is a clear preference for investments close to home. The Ukraine can expect investments from 20 percent of Russian corporates in the next year, followed by Estonia and the U.S. with 15 percent and Kazakhstan, South Africa and India with 10 percent. In five years' time, the Ukraine is still second to China, with 25 percent planning an investment, followed by Kazakhstan on 20 percent, South Africa, the U.S. and India on 15 percent and Estonia and Turkey on 10 percent.

Russian corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

India

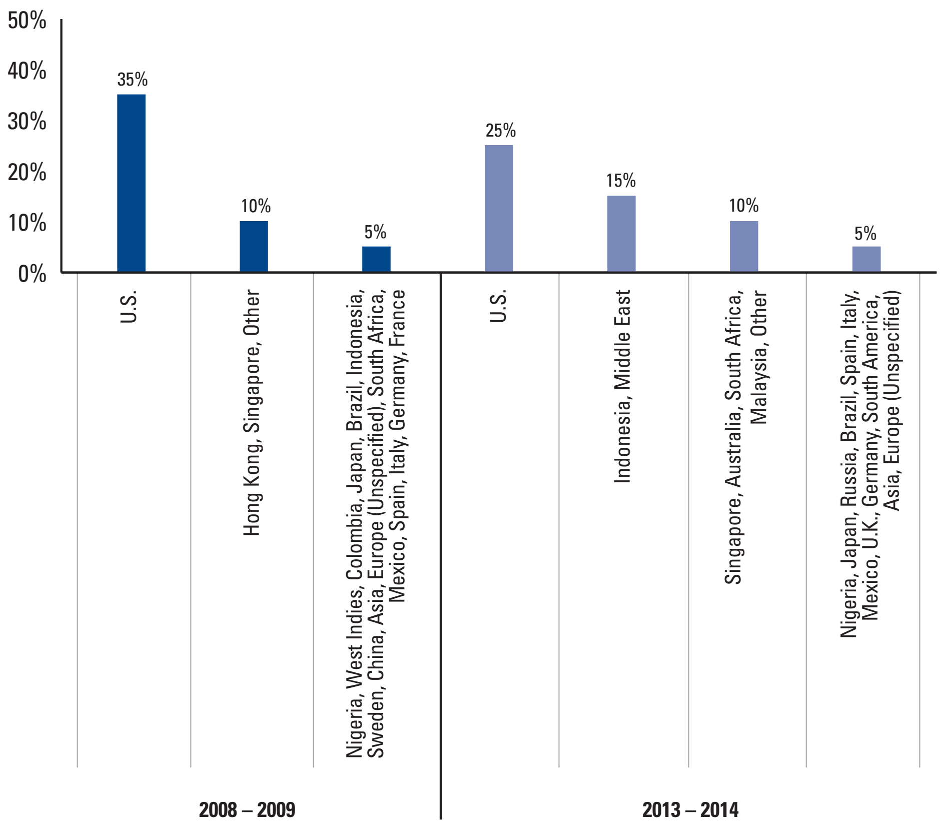
India can expect its share of international corporate investment to rise by 8 percent to 18 percent over the next five years, the largest increase recorded in this survey. It will move from seventh to fourth in the investment league table, overtaking the U.K., Germany and France.

Respondents expect India to do particularly well in industrial products, where it will displace the U.S. to take second place behind China, and in manufacturing, where it is expected to lead the world in terms of investment, with 25 percent of corporates expecting to invest five years from now. By contrast with the other BRIC countries, in the next year 64 percent of the investment into India is expected to come from new entrants to the country.

In terms of influence, India is expected to achieve the remarkable feat of overtaking Japan, France, Russia and Brazil in the ranks of the most influential countries, with a rising influence in all sectors, particularly business and consumer services, IT/telecoms and manufacturing.

Indian business expects the bulk of its investment this year to go to the U.S. (35 percent) with 15 percent expecting to invest in the countries of the Middle East and 10 percent in Singapore and Hong Kong. Looking ahead, the U.S. stays popular with 25 percent, and the Middle East with 15 percent, but countries of the Asia Pacific region can expect an increase in investment, with Singapore, Australia, and Malaysia the choice of 10 percent of respondents, alongside South Africa.

Indian corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Brazil

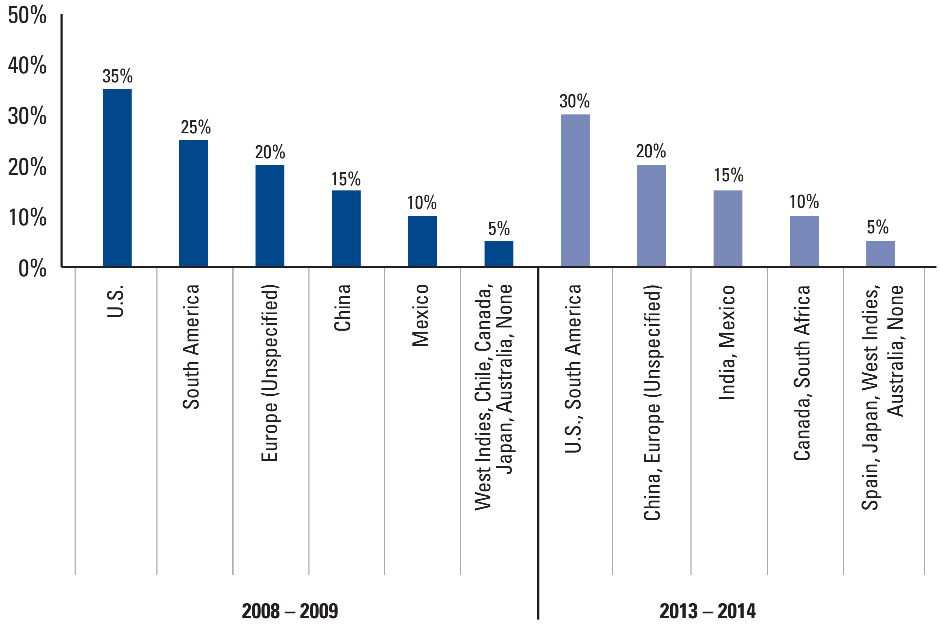
Among the BRIC economies, Brazil trails China, India and Russia in terms of investment in the next five years. But by comparison with all the other countries surveyed, it does remarkably well, increasing its overall share of investment by 4 percent to 14 percent, leaving it sixth after the U.K..

Given the strong performance of the Brazilian mining and utilities sector, it might be expected that Brazil's strongest increase in investment would be in this area. But in fact the country's share of investment here is expected to decline from 17 percent this year to 14 percent in five years, as investors turn to China and Russia. Brazil's development according to respondents is likely to be in other areas, particularly business services, up from 8 percent to 16 percent, financial services, up from zero to 8 percent, industrial products, up from 13 percent to 25 percent, and manufacturing, up from 11 percent to 20 percent.

This is evidence of the broadening out of the Brazilian economy. Although this is not yet reflected in any substantial increase in influence in these sectors, corporate investors around the world are clearly prepared to back Brazil as a major future provider of growth.

Brazil's own businesses plan to invest this year in the U.S. (35 percent), South America (25 percent), Europe (20 percent) and China (10 percent). Looking ahead, Brazil confirms its role as the leading economy in South America by increasing its investment in the region. South America is the choice of 30 percent of investors in five years' time, matching the U.S.. China and Europe are both the choice of 20 percent, and Mexico and India are chosen by 15 percent.

Brazilian corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

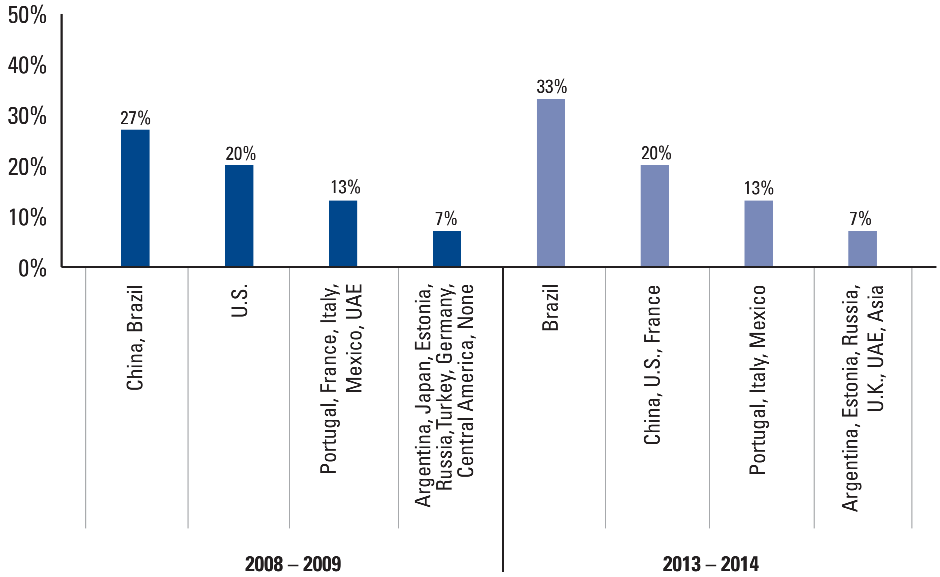
Spain

Among the European economies, Spain is second only to the U.K. in increasing its share of corporate capital flows. Spanish businesses can expect a 2 percent increase in investment, making them the choice of 7 percent of respondents, matching Italy.

Respondents believe investment in Spanish consumer services is expected to decline slightly, moving from 10 percent to 8 percent. But this will be offset by increases in financial services (8 percent to 11 percent) industrial products (zero to 10 percent) and property and transport (zero to 9 percent). Spanish business is expected to increase its influence in financial services and manufacturing, joining the top ten most influential economies at the expense of Italy.

Spanish businesses themselves expect to invest most this year in China and Brazil (27 percent each) followed by the U.S. (20 percent) and a range of countries including the UAE, Portugal and Mexico (13 percent). In five years' time Brazil tops the poll with 33 percent, followed by China, France and the U.S. all on 20 percent, and Italy, Mexico and Portugal on 13 percent.

Spanish corporate investment plans



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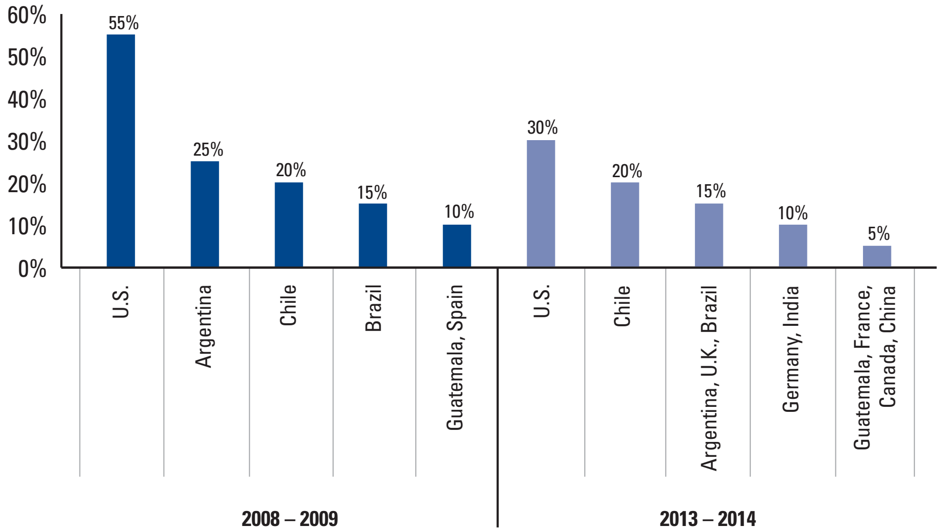
Mexico

In the tough battle for international investment funds, Mexico is at a relatively early stage.

Around 50 percent of survey respondents are expecting to invest in the country next year and are doing so for the first time. Looking ahead, Mexico can expect to do reasonably well in the next five years, maintaining its overall share at 5 percent and moving from 13th to 12th in the league table. Investment in business services, IT/telecoms and mining/utilities will stay steady, while investment in industrial products will rise from 13 percent to 15 percent. Investment in manufacturing looks set to decline from being the choice of 5 percent of respondents today, to zero in five years' time.

Mexican investors today are putting their money into the U.S. (55 percent) followed by Argentina (25 percent), Chile (20 percent), Brazil (15 percent) and Spain and Guatemala (10 percent). In five years the U.S. is still favorite for 30 percent, followed by Chile for 20 percent, Argentina, Brazil and the U.K. for 15 percent and India and Germany for 10 percent.

Mexican corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

South Africa

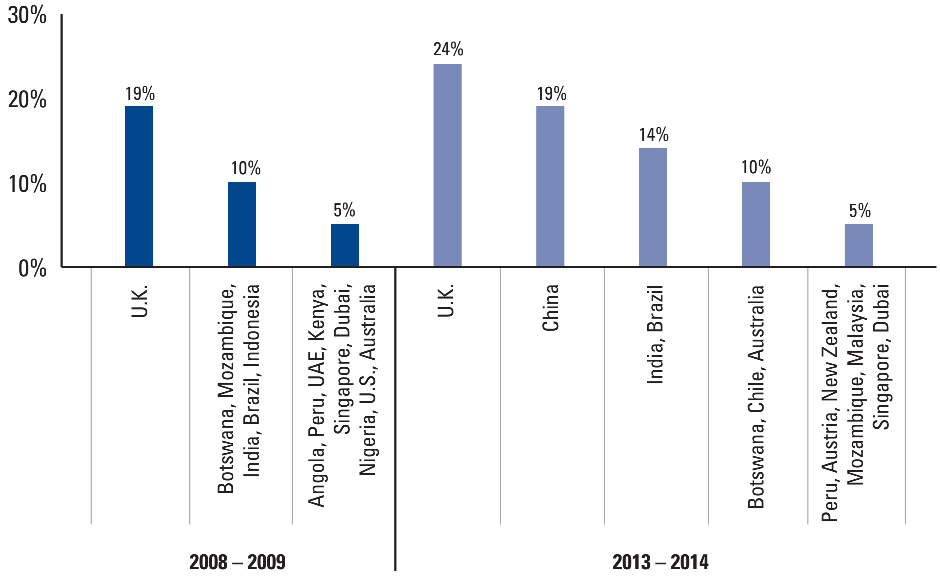
South Africa is clearly one of the winners in global investment terms, raising its share of investment by 2 percent to become the choice of 6 percent of investors in five years' time. A significant number of these investors are coming into South Africa for the first time, signalling growing confidence in the country's economy.

South African businesses in the business services and manufacturing sectors are building support internationally, based on respondent's feedback, with the proportion of investors planning to invest going from zero to 6 percent for business services and zero to 7 percent for manufacturing. The country's strongest sector, however, looks to be mining and utilities, where 10 percent of investors are planning to invest this year, rising to 14 percent in five years' time.

Despite this, South Africa's influence in mining is set to decline, in relative terms, as the BRIC economies power ahead. From being listed among the top three most dominant countries in this sector by 14 percent of respondents this year, South Africa slips to 10 percent in five years' time, alongside Germany, France, Canada, the UAE and Saudi Arabia.

South African businesses are supporters of the U.K., with 19 percent planning an investment in this country this year, and 24 percent expecting to invest in five years. A distant second this year, with 10 percent of supporters, comes a range of countries including India, Brazil, Indonesia, Botswana and Mozambique. But looking ahead, its is China (19 percent), Brazil (14 percent) and India (14 percent) that can expect most investment from South Africa.

South African corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Australia

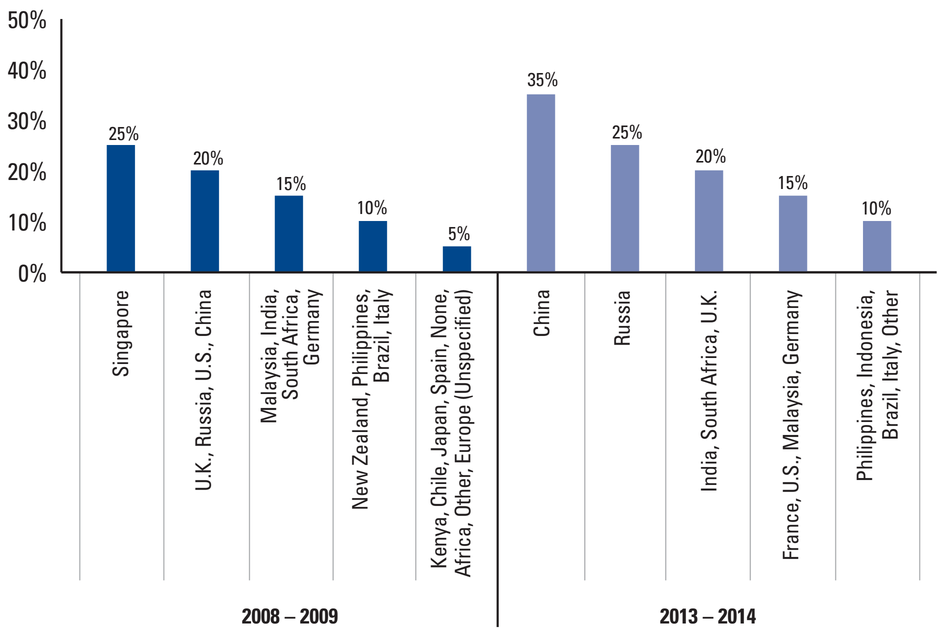
Respondent's message to Australia seems to be that the country can not expect to rely on its mining sector as a principal source of wealth for many more years.

Overall, Australia's share of international investment is expected to rise by 1 percent, making the country a favored place to invest for 4 percent of corporate investors. But virtually all of this increase is expected to come in the manufacturing sector, which moves from zero to 10 percent in the proportion of investors planning to make an investment.

Investment in the mining sector stays steady at 10 percent both now and in five years' time, but Australia's strong influence in this sector today, placing it sixth in the world after the U.S., China, Russia, France and Brazil, is expected to decline markedly. In five years' time, Australia is placed joint 12th in mining and utilities, alongside the U.K. and Japan.

Australia's own investment plans favor Singapore in the next year, with 25 percent of respondents expecting to invest, followed by the U.K., Russia, the U.S. and China all on 20 percent. Looking ahead, Singapore declines to 5 percent, while China becomes the investment of choice for 35 percent, followed by Russia for 25 percent and the U.K., India and South Africa for 20 percent.

Australian corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

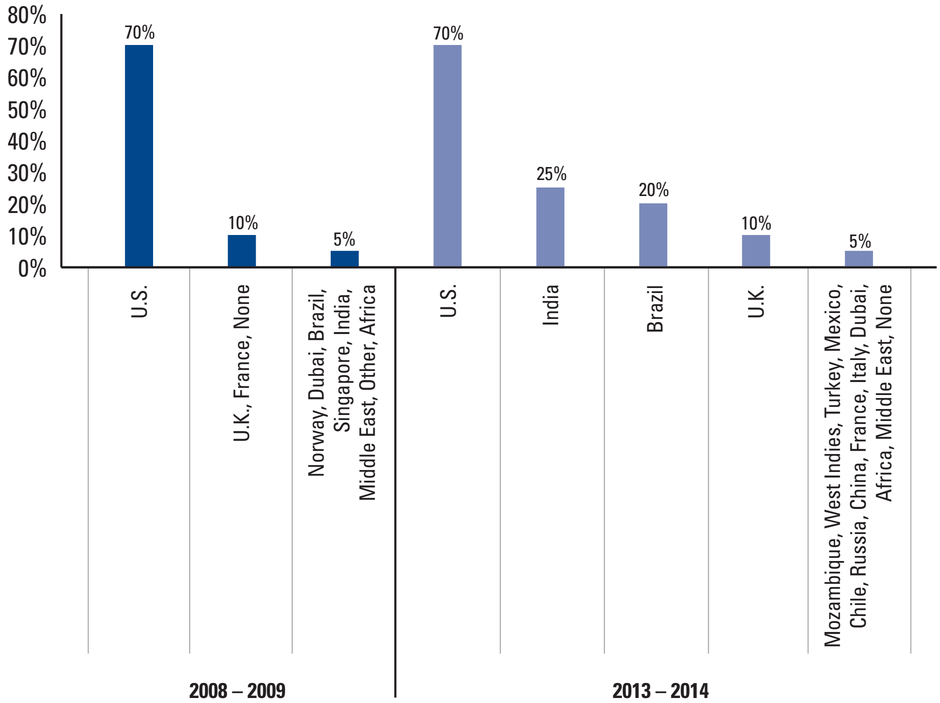
Canada

Canada's share of corporate investment looks set to remain steady with 2 percent of respondents citing the country as their choice for investment now and in five years.

Canada's manufacturing sector can expect a rise in investment as 5 percent of respondents expect to invest here in five years, up from 3 percent this year. Investment in mining and utilities stays steady as the choice of 10 percent, and, by contrast with Australia, Canada's influence in this sector is expected to increase. Respondents rated the country tenth in terms of influence in mining this year, but they expected a rise to joint sixth alongside Germany, France, South Africa, the UAE and Saudi Arabia in five years.

Canadian industry's own investment plans are heavily weighted towards the U.S., with 70 percent expecting to make an investment here in the next year and the same proportion in five years' time. The U.K. and France come a distant second this year with 10 percent each, but in five years India comes second with 25 percent and Brazil third with 20 percent.

Canadian corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

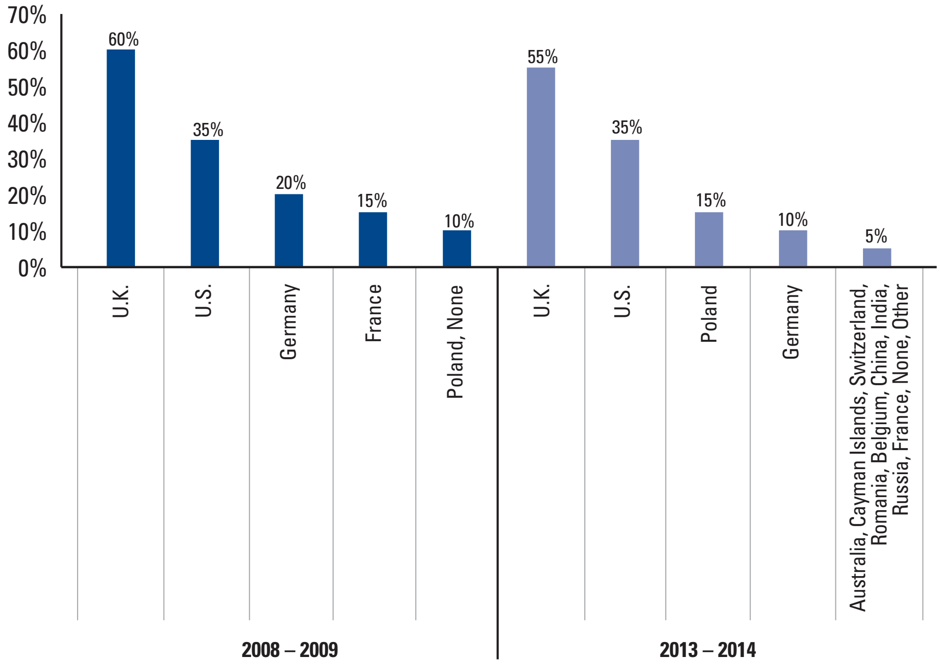
Ireland

Had this research been carried out five or ten years ago, Ireland might have expected to feature as a preferred place to invest for many respondents looking for a business-friendly, low tax environment.

Today, corporations are looking elsewhere, and Ireland is not cited in any of the areas covered by the study.

However, those businesses now based in Ireland remain active investors overseas. Their focus for this year is the U.K., with 60 percent planning an investment, followed by the U.S. for 35 percent, Germany for 20 percent, France for 15 percent and Poland for 10 percent. Looking ahead, the U.K. remains in first place with 55 percent and the U.S. in second with 35 percent, but Poland takes third spot with 15 percent followed by Germany with 10 percent.

Irish corporate investment plans



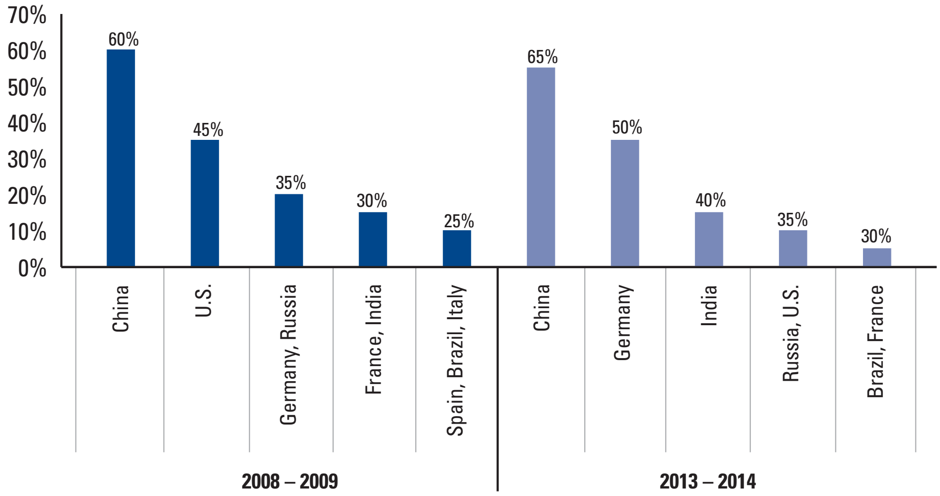
Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Switzerland

For survey respondents, Switzerland features as an influential country in consumer services and manufacturing for the year ahead, but is largely overtaken in these areas by 2013/14.

Of more interest are the investment plans of Swiss corporations, which show an exceptionally wide spread of interests. China is most popular this year with 60 percent planning an investment, followed by the U.S. with 45 percent, Russia and Germany with 35 percent, France with 30 percent and Brazil, Spain and Italy with 25 percent each. In five years' time, China increases its share with 65 percent planning to invest, followed by Germany with 50 percent, India with 40 percent, Russia with 35 percent, France and Brazil with 30 percent and Italy and Spain with 25 percent each.

Swiss corporate investment plans



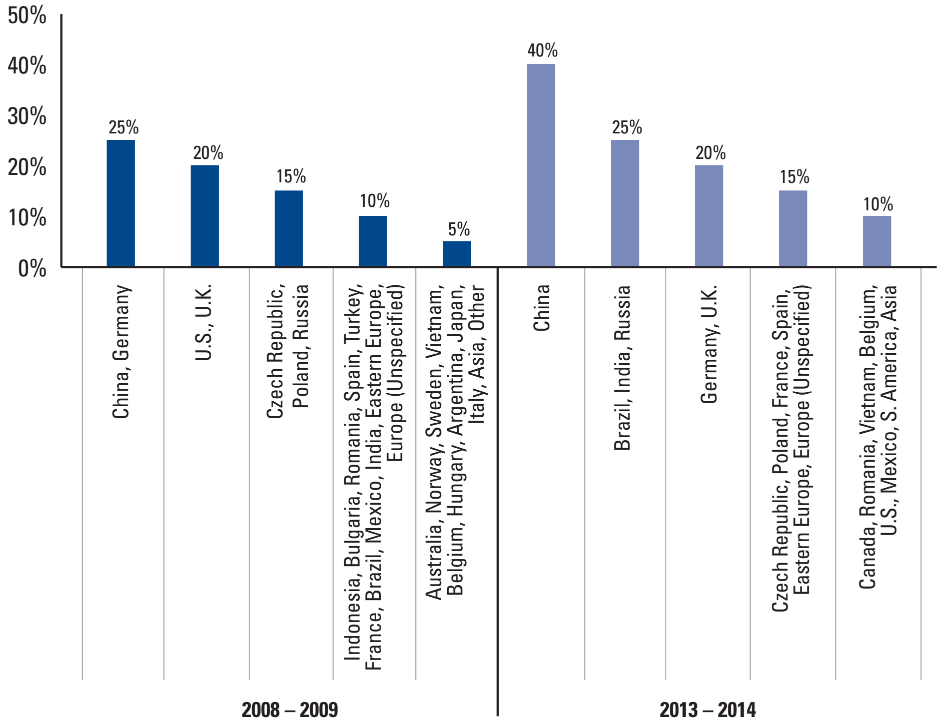
Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

Netherlands

Survey responses indicate that Dutch businesses are expected to improve their worldwide influence in several sectors over the next five years, particularly consumer services, financial services and property and transport.

Their own investment plans favor China and Germany this year, with 25 percent planning investments in each country, followed by the U.S. and U.K. with 20 percent each, Russia with 15 percent and a wide range of countries on 10 percent. In five years, China becomes the choice of 40 percent, followed by Russia, India and Brazil on 25 percent and the U.K. and Germany on 20 percent. The U.S. joins Vietnam, Mexico and Belgium, among others, on 10 percent.

Dutch corporate investment plans



Source: Global Corporate Capital Flows, 2008/9 to 2013/14, KPMG International

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