

Entering the storm: anticipating risk in an uncertain world

The 2020 Foreign Direct Investment Confidence Index®

Rank	Country	Change from 2019	Score 2020/2019 (scale of 3)	Remarks
1	 United States	—	2.26/2.10	The United States maintains the top ranking for the eighth consecutive year, demonstrating its consistently high level of attractiveness to foreign investors due to its competitive business environment and a strong technological base.
2	 Canada	+1	2.20/1.87	Canada likely continues to attract investors with its strong infrastructure, well-educated workforce, and bright trade prospects. Once implemented, the United States–Mexico–Canada Agreement (USMCA) could spur increased FDI into Canada as investor confidence rises.
3	 Germany	-1	2.15/1.90	Bullish investor sentiment is likely driven by a number of domestic strengths, including strong infrastructure, an educated workforce, and robust transportation and automotive industries.
4	 Japan	+2	2.14/1.78	A stable political situation and positive business environment likely contribute to Japan's jump this year. The potential tightening of foreign investment requirements does not appear to have affected investment enthusiasm.
5	 France	—	2.09/1.79	France holds steady in the fifth position for the second year in a row. It is likely attractive to investors because of its market size, infrastructure, and economic stability. COVID-19-related economic disruptions, however, present significant risks and could cloud the outlook.
6	 United Kingdom	-2	2.06/1.85	The United Kingdom slips two positions to sixth, though 2019 growth surpassed many EU economies. The country was able to reach a Brexit agreement, but questions remain over its future trade relationship with the EU.
7	 Australia	+2	1.98/1.67	Australia jumps two spots, reflecting steady investor confidence in the country's FDI environment. Indeed, Australia has ranked among the top 10 countries on the Index for a decade straight.
8	 China	-1	1.95/1.72	China lands in eighth place this year, its lowest-ever position in the Index, but it remains the only emerging market ranked among the top 10 markets for FDI globally. Despite the coronavirus wreaking havoc on the economy, investors are likely optimistic for a strong economic recovery during the survey period.
9	 Italy	-1	1.94/1.67	Italy falls one position to rank ninth. Growth in 2019 was weak, though the country still hosts a number of globally competitive industries and has been taking strides to cooperate with other EU member states on issues such as migration. The economy is expected to experience a deep recession in 2020 as a result of COVID-19.
10	 Switzerland	+3	1.89/1.59	Switzerland rises three spots to rank 10th this year. The economy is highly competitive according to a number of indicators and is known for its advanced institutions and innovative nature. However, uncertainty over future relations with the EU could cloud the outlook.
11	 Spain	—	1.88/1.62	Spain holds steady in the 11th position. Growth was strong in 2019, and the country seems to have benefited from a "Brexit boost" in FDI, attracting funds that may have otherwise gone to Britain. Prior to COVID-19, the country was taking steps to reduce public debt, but the virus could upend these efforts.

— no change *** not ranked last year

The 2020 Kearney Foreign Direct Investment Confidence Index®

Rank	Country	Change from 2019	Score 2020/2019 (scale of 3)	Remarks
12	 Singapore	-2	1.87/1.65	Despite dropping two notches to 12th, Singapore enjoyed extremely robust inward investment in 2019, amounting to \$110 billion—a 42 percent increase from the previous year. This strong growth crowned Singapore the biggest FDI host country in Southeast Asia.
13	 New Zealand	+6	1.85/1.52	New Zealand jumps six spots to 13th. Despite an economic deceleration in 2019, foreign investor sentiment remains strong, likely reflecting the country's stable and robust business environment.
14	 Netherlands	-2	1.85/1.61	The Netherlands falls two spots this year. The country is very strong in areas that investors prioritize when making decisions, such as technological innovation and general macroeconomic stability. Top risks include a downturn in global trade caused by COVID-19.
15	 Sweden	—	1.81/1.55	Sweden maintains its 15th position on the Index. The country hosts competitive industries, but the economy showed some signs of duress before the coronavirus, which—along with a predicted global downturn—could dampen the outlook.
16	 Belgium	+2	1.75/1.54	Belgium rises two spots year over year. Unemployment for those ages 15–64 shrank last year, and growth held steady, while the country's sophisticated infrastructure and highly educated population are likely to appeal to investors. As its economy is so open, Belgium remains vulnerable to fluctuations in global commerce.
17	 South Korea	—	1.72/1.54	Reflecting strong foreign investor confidence, South Korea ranks 17th this year—maintaining its spot from the previous year. Despite low economic growth in 2019, the country remains attractive, likely owing in part to its robust industrial, materials, and equipment sector.
18	 Ireland	+2	1.69/1.52	Ireland captures the 18th spot in the Index, rising two spots from last year. Ireland grew at an impressive 5.5 percent in 2019 and continued to attract investments, including in pharmaceuticals and from the United Kingdom.
19	 United Arab Emirates	***	1.69/NA	The United Arab Emirates returns to the Index after a two-year absence and places 19th. During the survey period, respondents were likely attracted to the UAE's continued efforts to diversify its economy away from oil.
20	 Denmark	-6	1.69/1.58	Denmark's rank falls six spots year over year, reaching 20th on the 2020 Index. Denmark grew above the EU average in 2019 and remains competitive in many industries. However, UK-EU trade talks remain an uncertainty for this trade-dependent economy.
21	 Portugal	***	1.67/NA	Portugal rejoins the 2020 Index after a brief hiatus, ranking 21st. Portugal's steps to reduce government debt and lift economic growth before COVID-19 likely enticed investors, and its efforts to stimulate technology and innovation are no doubt also appealing.
22	 Brazil	***	1.65/NA	After falling out of the Index in 2019, Brazil bounces back this year, landing at 22nd place. Factors boosting the investment sentiment include the approval of the pension reform and government privatization efforts, which should boost economic growth.
23	 Finland	—	1.65/1.50	Finland's position on the Index holds steady at 23rd. The economy grew at a lower rate than many of its European peers, but it remains competitive in many areas of importance to investors largely thanks to its general economic and political stability, skilled workforce, and low crime rates.
24	 Norway	—	1.65/1.49	Norway maintains its 24th rank this year. Though known for its oil industry, Norway's competitiveness in other industries such as maritime trade and fishing likely boosts its overall attractiveness.
25	 Taiwan (China)	-3	1.62/1.50	Taiwan (China) drops to 25th place in this year's Index, down three spots from the previous year. Investor interest was likely supported by the country's strong electronics sector. Taiwan has also proved to be particularly resilient amid US-China trade tensions.

— no change *** not ranked last year