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New Citi-Commissioned EIU Report Projects Competitiveness of 120 of the World's Major Cities in 2025

São Paulo, Incheon and Mumbai Expected to See Greatest Surge in Competitiveness; North American and Western European Cities Continue to Top List

New York – A new Economist Intelligence Unit (EIU) research report, “Hot Spots 2025: *Benchmarking the Future Competitiveness of Cities*,” commissioned by Citi, projects that São Paulo, Incheon and Mumbai will see the greatest surge in global competitiveness between 2012 and 2025. Released today at the New Cities Summit in São Paulo, the report forecasts the competitiveness of 120 cities in 2025 based on their projected ability to attract capital, business, talent and tourists.

“Around the world, cities continue to evolve as the centers of innovation and engines of economic growth,” said Citi CEO Michael Corbat. “Core to Citi’s strategy is a focus on the 150 cities we believe will shape the world in the years ahead. The Citi-commissioned EIU research will enhance understanding of the factors driving urban competitiveness and illuminate how the highest performing cities continue to create competitive advantages.”

According to the report, the 10 most competitive cities in the world in 2025 are forecast to be: New York (1st), London (2nd), Singapore (3rd), Hong Kong (4th), Tokyo (5th), Sydney (6th), Paris (7th), Stockholm (8th), Chicago (9th), and Toronto (10th).

“Major cities in India, Brazil, and other emerging markets are expected to improve their competitive position and gain ground on many cities in more established economies,” said Leo Abruzzese, the EIU’s global forecasting director. “Strong economic growth, improving physical infrastructure, and increasingly skilled labor forces will boost emerging cities’ competitiveness, though North American and Western European cities will ultimately retain their competitive advantage.”

Hot Spots 2025: Benchmarking the Future Competitiveness of Cities

“Hot Spots 2025: Benchmarking the Future Competitiveness of Cities” projects cities’ competitive standing in 2025 across eight distinct categories of competitiveness and 32 individual indicators. Categories include economic strength, physical capital, financial maturity, institutional character, human capital, global appeal, social and cultural character, and environmental and natural hazards. A city’s overall ranking in the Index is a weighted score of the underlying categories. The report builds on the inaugural EIU report, “Hot Spots: Benchmarking Global City Competitiveness,” commissioned by Citi in 2012.

Key findings of “Hot Spots 2025” include:

Hot Spots of Competitiveness in 2025

São Paulo, Incheon and Mumbai are top movers between 2012 and 2025. Brazil’s commercial and financial capital, São Paulo (36th), is the most improved city in the Index. Its coming surge in competitiveness can be attributed to the city’s young and rapidly growing workforce, solid telecommunications infrastructure, well-established democratic institutions and financial maturity.

Incheon (43rd), South Korea’s third largest city, is the second biggest mover. Investments in a world class port, transportation infrastructure and the development of the Incheon Free Economic Zone have all

resulted in the city becoming a commercial, business, logistics and tourism hub for all of northeast Asia, with more progress to come. Incheon's rise in the overall rankings demonstrates the institutional, social and economic progress that many cities in emerging Asia have made in the last few decades. It also signals the growing competitiveness of emerging market cities that will be seen by 2025 and beyond.

India's financial capital, Mumbai (51st), comes in third in terms of improved competitiveness. This boost is driven by its sheer economic strength, improved financial maturity, and cultural vibrancy.

New York continues its reign as the world's most competitive city. According to the forecast, New York is the most competitive city today, and will remain so through 2025. It tops the rankings in terms of financial maturity, and is among the most competitive in institutional character and economic strength.

North American and Western European cities retain their competitive edge. Cities in the United States and Western Europe will continue to attract capital, businesses, tourists and talent, despite concerns over aging populations, infrastructure, and lingering impacts of the financial crisis. However, the Eurozone crisis will impact cities in Southern and Eastern Europe, creating a 'competitiveness divide' in the region. For example, Madrid (joint 46th), Rome (68th), and Bucharest (80th) all fall in the rankings from 2012 to 2025.

China's rate of competitiveness eases. No Chinese city is ranked among the top 25 most improved. This is due to the progress that many Chinese cities made during the first decade of this century. By 2025, China will have surpassed the United States as the world's largest economy, thanks to strong growth, rapid urbanization and rising productivity.

Drivers of Competitiveness in 2025

Size is not a factor. The top 20 most competitive cities in 2025 range from the world's biggest (Tokyo's estimated 37 million people) to some of the smallest (Zurich's estimated population of 1.4 million).

Solid infrastructure is a strong determinant. Physical capital (defined as the quality of physical infrastructure, public transport, and telecommunications) significantly drives competitiveness. Nine of the 10 fastest rising cities in overall competitiveness are seaports or have easy maritime access. For example, the port city and Omani capital Muscat (64th) rises by 14 places, while Saint Petersburg (92nd) – Russia's trade gateway to the West – rises by 15 places.

Environmental and natural hazards will play an increasingly important role. High standards of environmental governance and sustainable policies make a city attractive for both businesses and people. For example, Tokyo's projected ability to cope with natural disasters allows it to retain its competitive edge; Chicago (America's second-most competitive city in 2025), ranks above any other U.S. city in its environmental governance.

Education is also a strong driver. The quality of education feeds into consistently strong productivity and growth, and ultimately city competitiveness. This can be seen in Tel Aviv, where a longstanding commitment to education underpins the city's competitiveness. Singapore's focus on improving education also allows it to jump into the top 10 cities in 2025 in the human capital category.

Citi commissioned the "Hot Spots 2025: Benchmarking the Future Competitiveness of Cities" Index to improve understanding of market competitiveness and to identify where growth, opportunity, and talent are likely to be found in the decades ahead. Citi recognizes that competitiveness is about more than growth – especially as urban centers vie for investment, talent, and business. The report builds on the inaugural EIU report "Hot Spots: Benchmarking Global City Competitiveness," commissioned by Citi in 2012.

For 200 years, Citi's central mission has been to enable economic progress. With its global footprint, Citi connects clients to the world, working at the center of global trade and capital flows. On the ground in more than 1,000 cities, Citi has a unique perspective on the complexities of the urban environment. Through Citi for Cities and other initiatives, Citi works with clients and public and private sector partners in cities around the world to enhance public services, facilitate commerce, expand financial inclusion and harness advancements in digital, mobile and card technologies.

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About the research:

The full report, including details on methodology and criteria, are available at www.citiforcities.com

About Citi:

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

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About Citi for Cities

Citi for Cities is an initiative which harnesses the best of Citi across the globe to enable cities to become more efficient, by providing financing that facilitates commerce and modernization, and by empowering citizens to access services that enhance livability and prosperity. Citi aims to help cities achieve their ambitions across the key ecosystems that power a city including administration, roads and transit, ports of entry, energy and utilities, workplace and education, health and safety, and regeneration and development. Citi's span of engagement with cities includes public and private sector, the financial sector, and citizens and the communities in which they live. For more information, please visit www.citiforcities.com.

About the EIU

The Economist Intelligence Unit is the business information arm of The Economist Group, publisher of *The Economist*. Through our global network of more than 650 analysts and contributors, we continuously assess and forecast political, economic and business conditions in more than 200 countries. As the world's leading provider of country intelligence, we help executives make better business decisions by providing timely, reliable, and impartial analysis on worldwide market trends and business strategies. For more information, please visit www.eiu.com or follow us on [www.twitter.com/theeiu](https://twitter.com/theeiu).

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