Factors Affecting Foreign Direct Investment Location Inflows in Pakistan

Examining the Factors Affecting Foreign Direct Investment Inflows in Pakistan

Economic relations between China and Sub-Saharan Africa (SSA) have grown phenomenally in recent years. Among the developing countries, China has become a leading source of foreign direct investment (FDI) in SSA and Chinese investment has diversified geographically to reach 44 countries in SSA. Different narratives have been provided to articulate China’s growing interest in Sub-Saharan Africa (SSA) for some elementary reasons such attraction is worth commuting on. For China as the second richest country in the world, is perceived to be aggressively taking the centre stage in the global economy. As for African states, China is the ideal commercial partner that seldom slaps special political pre-conditions upon its readily available suppliers, and frequently gives the continent diplomatic backing. China can be arguably mentioned that it uses what it is called dollar diplomacy. Dollar diplomacy can be defined as “the use of a country’s financial power to extend its international influence, a form of foreign policy to further its aims through the use of economic power by guaranteeing loans made to foreign countries or is the power of a nation's financial...
Factors Affecting Foreign Direct Investment Location In... resources". Therefore dollar diplomacy can be attributed as the use of diplomatic influence, economic pressure, and military power to protect a nation's economic and business interests abroad. The engagement or involvement of China into African economies will be examined to assess if dollar diplomacy was or is at play. Since 2000-2019 China has emerged as Africa's largest trading partner, which is the period the paper will focus on until recently. Chinese direct investment in and lending to African countries has grown rapidly in the past few years. A mass of Chinese workers have moved to Africa in recent years, with estimates running as high as one million in pursuit of investment and trade. Some argues that China's engagement in Africa led to faster growth and poverty reduction on the continent. Whereas some have a different view arguing that in the long run, China will desert Africa in a very dilapidated state. The statement can be argued to be true and it might not. The statement might have been said out of jealousy as seeing that China is penetrating the African market rapidly and aggressively so. Furthermore, growth in Sub-Saharan African has been very impressive over the past decade, especially in the mid-2000 when GDP growth averaged close to 7% per annum. Note that growth has since slowed down, especially in 2015 and 2016. Both the high levels of growth and the subsequent slowdown are related to China. While China's deepening engagement with Africa has largely been associated with better economic performance, its involvement is not without controversy. This is particularly true in the Africa, as typical headlines portray an exploitative relationship: "Into Africa: China's Wild Rush"; "China in Africa: Investment or Exploitation?" and "authors warns against 'new colonialism' in Africa." The purpose of this paper is to analyze the major factors affecting foreign direct investment (FDI) in Sub-Saharan Africa (SSA) with particular emphasis on Chinese FDI, and the influence of dollar diplomacy. The flow in Chinese involvement is relatively recent as China has found a new way to penetrate SSA countries economic markets like no any other continents has ever done. Thus one simple objective is to arrange evidence about the scale of China's trade, investment, and its impact in Sub-Saharan Africa and what has attracted that investment into Africa. China's economic engagement with Africa is a complex issue with numerous aspects. It is usually difficult to find good and comprehensive data on low-income countries, and much of Africa is low-income. However, more efforts will be done to secure the data to enable analysis in answering the questions concerned. Many graphs and tables from different sources have been used to analyse the topic of the paper to ascertain its veracity or/and fallaciousness. In general, China's engagement with Africa is a win-win scenario for both sides as alluded at the latest concluded Forum for China Africa Cooperation (FOCAC) that was held from 3-4 September 2018 in Beijing, China. So it would make sense to be more forthcoming with information. Still, there is some available information on and research into China's trade, investment, and migration vis-à-vis Africa to draw some tentative conclusions and to make some recommendations for African countries and China.

Factors Affecting Foreign Direct Investment Mineral Mining Sector

Provides a brief description of the Foreign direct investment (FDI) profile in Thailand. Reviews additional empirical tests on the factors affecting FDI in Thailand and its impacts on Thai economy.

Factors affecting the flow of foreign direct investment into the manufacturing sector in South Africa

This dissertation presents an integrated-empirical analysis of the relationship between Foreign Direct Investment (FDI) and the entrepreneurial activity in Mexico. The bulk of the literature has focused its attention on measuring FDI's effects on economic growth across countries using secondary data at the macro level, but it has neglected the analysis for Latin American countries, particularly; it has neglected the analysis of FDI's effects on the entrepreneurial activity; and the factors that foster or hinder the entrepreneurial activity in an open-market system, at the institutional level.
Policy Competition for Foreign Direct Investment

This book looks at the evidence and assesses the impact of competition among governments to attract FDI. It finds little evidence directly to support fears of a "global race to the bottom" in labour and environmental standards.

Factors Affecting Foreign Direct Investment in the US

An Assessment of Factors Affecting Foreign Direct Investment in Kenya [MBA Thesis]

Factors Affecting Regional Location and Inequality of Inward Foreign Direct Investment Distribution

What China Actually Wants from Africa: an Analysis of the Major Factors Affecting Foreign Direct Investment from China to Sub-saharan Africa

The Changing Trends and Patterns of Foreign Direct Investment in China

The purpose of this study was to conduct an assessment of the factors that affect Foreign Direct Investments (FDI) in Kenya. The objectives of this study were to determine the existing barriers to making foreign direct investment in Kenya, to assess the existing potential risks to making foreign direct investment in Kenya and to assess the extent to which Kenyan labor force affects the foreign investment decisions of multinationals in Kenya. The design of the study was descriptive in nature. The research used both qualitative and quantitative data. The study focused on the population of 812 the multinational companies with offices in Nairobi, selected key informants from the Ministry of Foreign Affairs and Trade in Kenya and also key informants from the Development Partners. The study?s sample was 72 respondents from Multinational companies with offices in Nairobi, selected key informants from the Ministry of Foreign Affairs and Trade in Kenya and also key informants from the Development Partners. Structured questionnaires were used to gather information from key informants. The SPSS software was used to analyze the collected data to produce frequency distribution tables, mean and regression analysis of the dependent and independent variables. Regarding the barriers to making FDI in Kenya, the study revealed that generally Kenya did not have a good political environment for making FDI. The study also revealed that the fear of wrangling amongst political parties in Kenya, the frequent fluctuations in interest and currency and unfavorable cost of doing business in Kenya affected the FDI decisions of Multinational Companies. The study revealed that the potential risks to making foreign investments in Kenya were the existing level of corruption in Kenya, the current market restrictions and existing non-attractive investment policies. The study also revealed that on average multinationals would employ a Kenyan to a Chief Executive position in their organizations, mainly because the available labor force in Kenya had the commensurate skills requirements to work for a Multinational Company. However the study indicated that the current level of labor costs of the Kenyan labor force was a major concern for a potential Multinational seeking to make an FDI decision in Kenya. In conclusion, the benefits of FDI would only ensue to countries, sectors and local communities, if national policies facilitated the
development of attractive investment frameworks and if country specific risks would be a threat to multinational companies as they created instabilities that would make the costs of doing businesses unpredictable were addressed. To ensure consistent FDI inflows it would be important for government institutions that were responsible for making and implementing policies that affected a country’s investment climate to work towards improving environmental factors that influenced FDI. Finally given that the quality of labor and their related costs were an important factor in deciding location of FDI especially for some labor-intensive manufacturing industries, FDI recipient countries would therefore develop internal strategies to ensure that their labor market resources are equipped with the relevant skills, education and productivity levels and that would be attractive for a potential FDI partner. The study recommended that the Government of Kenya, through the relevant national bodies re-evaluated the existing framework and strategies for attracting FDI by ensuring that the identified barriers, uncertainties to making FDI were addressed. Further it was also imperative that the Kenyan Government developed a framework for ensuring that its citizens remained competitive and potentially attractive to Multinational Companies.

**Determinants of Foreign Direct Investment in Ghana**

This analysis investigates the determinants of foreign direct investment (FDI) inflows into the economies of the Kingdom of Saudi Arabia, United Arab Emirates, Venezuela, Singapore, and Switzerland. This paper adds to the body of research on the significance of both economic and institutional factors affecting foreign investment inflows. After discussing the general economic structure of Saudi Arabia and basic FDI trends, this paper reviews some of the relevant literature on the subject. Two models were estimated, one using logged FDI and the level of FDI, both were adjusted for currency differentials. The empirical results of this study show a positive relationship between GDP growth rates, the availability and reliability of infrastructure, and both logged FDI and FDI levels. Moreover, results suggest that the host country’s regulatory framework is also a significant predictor of foreign investment levels. Further, rising imports and other factors that suggest a more open economy were associated with higher FDI while government incentives and possessing natural resources were not. This research concludes with policy recommendations to increase foreign investment competitiveness.

**Assessing Factors Affecting M & As Versus Greenfield FDI in Emerging Countries**

Much research has been generally done on the U.S. multinational corporation (MNC) and its foreign direct investment (FDI). Recently, the focus has shifted to foreign MNCs and their investments in the U.S. As the significance and magnitude of FDI have increased in the 80s, researchers have primarily dealt with the motivational and economic impact of FDI in the U.S. Fewer concerns have been placed on the intra-country locational aspects of such FDI. Though extensive research has been done on location decisions of domestic firms, much less is known about location decisions of foreign firms. Previous work that has looked into the location considerations of FDI in this country has primarily focused on secondary data concerning particular industries or regions of FDI, or on a limited set of variables. There is a need for more updated primary research. Although nationality has been considered, the impact of other firm-related characteristics and other factors in location decisions has been overlooked. This dissertation looks into the factors affecting the location decision of manufacturing FDI in the U.S. The objectives of this study are fourfold: (1) to identify the significant location-specific and firm-specific factors and their relative importance to location decisions; (2) to compare location decisions of US and foreign firms, and in particular US, Japanese and West German firms; (3) to investigate the location decision process including the important information sources used and the influence of incentives; (4) to explore the relationship between nationality, location factors and the level of satisfaction. Moreover, this dissertation seeks to provide a more focused and
rigorous methodological approach by dealing with the effects of firm-specific factors other than nationality, and by addressing issues previously neglected. Through extensive primary data consisting of three different surveys covering both firms (foreign and domestic) and development agencies, hypotheses are tested, conclusions drawn, and implications for manufacturing MNCs and government development agencies are derived. The results of the study provide an updated view into manufacturing FDI in the U.S. and indicate that differences exist between U.S. and foreign firms in terms of location considerations. However, as other firm-specific factors are considered and important issues addressed through a conjoint analysis, differences across nationalities are less pronounced. Extensive similarities indicate that foreign firms are increasingly behaving like their American counterparts. In addition, the research provides evidence that the relative importance of location factors to particular investors in this country may have changed in recent years. Nevertheless, significant differences still remain among American, Japanese and German manufacturers in the United States.

Making Foreign Direct Investment Work for Sub-Saharan Africa

Foreign Direct Investment

China's economic reforms over the past two decades have brought tremendous economic transformation, rapid growth, and closer integration into the global economy. Real income per capita has increased fivefold, raising millions of Chinese out of poverty. Despite these achievements, difficult reforms--involving the state-owned enterprises and the financial sector--must still be completed, and social pressures from rising unemployment and income inequalities need to be addressed. China's accession to the World Trade Organization will bring benefits but will also impose obligations on the economy, and could prove to be a watershed for the reform process. This book looks at the country's reform process, its past successes and future challenges.

An Investigation of Factors Affecting the Decline in Foreign Direct Investment (FDI) in Botswana

Factors Affecting Foreign Direct Investment in Africa

Foreign Direct Investment in Developing Countries


This dissertation, "Spatial Modeling of Dynamic Changes of Foreign Direct Investment in China" by Kam-tsang, Chung, was obtained from The University of Hong Kong (Pokfulam, Hong Kong) and is being sold pursuant to Creative Commons: Attribution 3.0 Hong Kong License. The content of this dissertation has not been altered in any way. We have altered the formatting in order to facilitate the ease of printing and reading of the dissertation. All rights not granted by the above license are retained by the author. Abstract: Abstract of dissertation entitled "Spatial Modeling of Dynamic Changes of Foreign Direct Investment in China"
Submitted By Chung Kam Tsang for the Master of Arts in China Development Studies at The University of Hong Kong in June 2006

The spatial and sectoral distribution of Foreign Direct Investment in China changed rapidly in the last decade. First, Foreign Direct Investment invested in Pearl River Delta and other Southern Coastal provinces, and then shifted to Yangtze River Delta and Bohai Sea Region in recent years. Guangdong and Jiangsu are two major cores to attract foreign investors invest in China nowadays. Second, most Foreign Direct Investment in China invested in manufacturing sector, and changed from labor-intensive to skilled labor-intensive manufacturing sectors during the last decade. Third, the proportion of Foreign Direct Investment came from other Chinese economies, Hong Kong and Taiwan, constantly decreased in the last decade. The origins of Foreign Direct Investment in China are more diversified in recent years. Spatial modeling of dynamic change of Foreign Direct Investment in China has explained the changing foreign investment patterns in China. First, the initial factors affecting spatial and sectors distribution of Foreign Direct Investment in the early stage, which mentioned by many other scholar such as Cultural link, Guanxi, Physical proximity, Industrial linkage, Export orientation and Market potential. Second, the changing factors include changing Locational proximity, Investment oriented and Government policy, which affecting spatial and sectoral distribution of Foreign Direct Investment in recent years and nearest future.

Factors Affecting Foreign Direct Investment in the Brazilian Manufacturing Sector

The region that includes the Middle East and Northern Africa (MENA) faces a diverse set of cultural, political, and economic issues. Exploring the countries that are considered to be a part of the MENA region as well as comparing this region to the rest of the developing and developed world provides essential insight into the current state of the region as well and its future outlook. Comparative Political and Economic Perspectives on the MENA Region takes a critical approach to analyzing the socio-economic development of the MENA Region and the role of politics and various social issues in this development. Highlighting research-based perspectives from global leaders on topics such as decentralization, international affairs, the Arab Spring, foreign direct investment, and education in the Middle East and Northern Africa, this publication is designed for library reference section inclusion and meets the research needs of government officials, professionals specializing in international business, economists, researchers, and graduate-level students in the areas of economics, international politics, African and Middle Eastern studies, and regional development.

Factors Affecting Foreign Direct Investment in the Real Estate Sector of Malaysia

This study focuses on the regional location and inequality of inward Foreign Direct Investment (FDI) distribution in Italy by investigating the factors that significantly influence these disparities in Italy's regional inward FDI. This study is important in order to provide further evidence of the considerable regional inequalities that are currently present in Italy, and to encourage future policy to take measures in order to reduce the clear North-South divide in Italy highlighted in this paper. This study examines market size factors, labour cost factors, agglomeration factors, infrastructure factors, knowledge factors, and social factors. This study collects a range of quantitative secondary data for these factors from trusted online databases. A multiple regression model is used to examine the direction and the significance of the relationship between regional inward FDI and a region's market size, labour cost, infrastructure, agglomeration, knowledge and social factors. The results show that knowledge factors are the most important factors influencing the regional location of net inward FDI in Italy. Labour cost factors and market size factors must also be considered. Social factors, infrastructure factors and agglomeration factors do not have a significant effect on the regional location of net inward FDI in Italy. Therefore, this paper recommends that the Italian government should direct their focus on the
improvement of knowledge-related factors to attract more foreign investors (e.g. improving the education system and increasing research and development spending). Furthermore, this study advocates the creation of a more balanced regional picture in the near future. Consequently, this could benefit Italy as a whole by attracting more foreign investors to its currently less attractive southern regions.

**Determinants of Foreign Direct Investment in the Kingdom of Saudi Arabia**

**Foreign Direct Investments**

This dissertation, "The Changing Trends and Patterns of Foreign Direct Investment in China" by Wai-sze, Agnes, Wong, 黃慧思, was obtained from The University of Hong Kong (Pokfulam, Hong Kong) and is being sold pursuant to Creative Commons: Attribution 3.0 Hong Kong License. The content of this dissertation has not been altered in any way. We have altered the formatting in order to facilitate the ease of printing and reading of the dissertation. All rights not granted by the above license are retained by the author. Abstract: Abstract of dissertation entitled The Changing Trends and Patterns of Foreign Direct Investment in China Submitted by Wong Wai Sze, Agnes For the Master of Arts in China Development Studies at the University of Hong Kong in June 2005 China has undergone a dramatic growth since 1978, when the "Open Door Policy" promoted a new era of modernization. The transition from a planned economy towards a market system has created new opportunities for Foreign Direct Investment (FDI) that was soon recognized as a powerful engine for China's economic development. The growing importance of the Chinese economy is evidenced by the high level of international interests in the Chinese market. The economic boom and liberalization make China a new focus of investment by multinational corporations (MNCs). However, the questions of how to enter this huge market and what entry mode should be taken remain poorly understood. Therefore, this paper is a study of the entry modes of MNCs into China from a socioeconomic perspective. This thesis examines two questions, namely "how" MNCs formulate their entry mode strategy for the Chinese market and "what" factors influence their chosen entry mode. The former involves the choice between Joint Ventures which includes Contractual Joint Ventures (CJVs) and Equity Joint Ventures (EJVs), and Wholly Foreign-Owned Enterprises (WFOEs) while the later involves host country and home country factors. After evaluating different indicators of investment environment such as host country policies, country risks, etc, it is found that there exists a positive relationship between the selection of entry modes and the investment environment of the target region. The better the investment environment is, the higher the level of resource commitment entry modes the MNCs are willing to adopt. MNCs prefer WFOEs rather than EJVs in some economically advanced regions like the eastern coast of China. On the other hand, lower resource commitment entry modes are usually found in the central and western part of China. The prioritized areas only play an important role in the early 1990s and their importance is fading, but these areas still maintain their status in the inland region. Host country specific factor is one of the key determinants in affecting MNCs' foreign market entry strategies. DOI: 10.5353/th_b3164521 Subjects: Investments, Foreign - China - Hong Kong International business enterprises - China

**FDI in Thailand**

**Two Essays in International Trade and Foreign Direct Investment**
Trade Openness and Its Impact on Foreign Direct Investment

Foreign direct investment is an important issue that has attracted the attention of academic and professional economists as well as politicians and policy makers. In Foreign Direct Investment, Imad A. Moosa presents a survey of the vast body of literature and ideas relating to foreign direct investment that will be invaluable as a reference work for all these groups. He provides concise definition and analysis of the theories behind foreign direct investment, and considers factors affecting its implementation. The impact of foreign direct investment on economic development, host countries and the growth of multinationals, together with methods for evaluating foreign direct investment projects are discussed. The book is based on the experiences of and the empirical evidence pertaining to foreign direct investment in a large number of countries, and includes case studies on specific projects.

Factors Affecting the International Transfer of Technology Among Developing Countries

Measuring the Effects of Foreign Direct Investment as a Conduit for the Creation of a New Entrepreneurial Class in Mexico

"This book explores the importance of global stocks to economic structures and explores the effects that these holdings have on the financial status of nations. It also provides a systems approach to investment projects in a globalized and open society"--Provided by publisher"--

Characteristics of and Factors Affecting Foreign Direct Investment in the Malaysian Furniture Industry

Comparative Political and Economic Perspectives on the MENA Region

In development literature Foreign Direct Investment (FDI) is traditionally considered to be instrumental for the economic growth of all countries, particularly the developing ones. It acts as a panacea for breaking out of the vicious circle of low savings/low income and facilitates the import of capital goods and advanced technical knowhow. This book delves into the complex interaction of FDI with diverse factors. While FDI affects the efficiency of domestic producers through technological diffusion and spill-over effects, it also impinges on the labor market, affecting unemployment levels, human capital formation, wages (and wage inequality) and poverty; furthermore, it has important implications for socio-economic issues such as child labor, agricultural disputes over Special Economic Zones (SEZ) and environmental pollution. The empirical evidence with regard to most of the effects of FDI is highly mixed and reflects the fact that there are a number of mechanisms involved that interact with each other to produce opposing results. The book highlights the theoretical underpinnings behind the inherent contradictions and shows that the final outcome depends on a number of country-specific factors such as the nature of non-traded goods, factor endowments, technological and institutional factors. Thus, though not exhaustive, the book integrates FDI within most of the existing economic systems in order to define its much-debated role in developing economies. A theoretical analysis of the different facets of FDI as proposed in the book is thus indispensable, especially for the formulation of appropriate policies for foreign capital.
Foreign Direct Investment in Central Europe and Differences in Transition Between Post-communist Central European Economies

Spatial Modeling of Dynamic Changes of Foreign Direct Investment in China

Manufacturing and Investment Around the World

Foreign Direct Investment in the United States: The Effects of Multinational Firm Characteristics and Local Factors on the Location Decision

This report tries to assess what industrialized countries could do to stimulate the flow of foreign direct investment to developing countries. Case studies of six industrialized countries (USA, United Kingdom, Japan, Germany, the Netherlands and Sweden), with analysis and recommendations.

Factors Affecting Inter-industry Variation of Foreign Ownership of Industry

China

This book is a comprehensive cross-national examination of modernization and development in manufacturing. The focus is on the nature and sources of the important variations that occur internationally in growth, competitiveness, and attractiveness to foreign direct investors. The study begins with an overview of existing published research on general manufacturing development before turning to particular key aspects. It compares production and investment in a range of Western and non-Western countries. It also presents case studies of growth and performance in major industries and sectors. CONTENTS: 1. MANUFACTURING & INVESTMENT AROUND THE WORLD: INTRODUCTION & OVERVIEW 2. MANUFACTURING GROWTH & PERFORMANCE: A REVIEW OF RESEARCH FINDINGS 3. MANUFACTURING IN WESTERN COUNTRIES: INTERNATIONAL COMPARISONS 4. MANUFACTURING IN NON-WESTERN COUNTRIES: INTERNATIONAL COMPARISONS 5. INTERNATIONAL TRADE, MARKETS & DEMAND TRENDS 6. FINANCE & INVESTMENT IN MANUFACTURING 7. INDUSTRIAL MANUFACTURING FACILITIES & SERVICES

New Voices in Investment

The transition process from a centrally planned to a market economy followed a very different path in East Germany compared to all other former communist countries. The German Democratic Republic acceded the Federal Republic of Germany in 1990, while other former socialist countries in Central and Eastern Europe (CEE) had to start from square one after becoming independent from the USSR. In contrast to other post-soviet countries, East Germany subsequently received massive transfers from the Western part of the country. A significant part of these transfers was invested into infrastructure improvement, while a larger share was spent
for consumption, raising the purchasing power in the East of Germany, allowing it to sustain a higher wage level and living standard than would have been economically possible without aid from the West. Twenty years after the breakdown of the iron curtain and the reunification of Germany, the infrastructure in the Eastern part of the country is en par with the West. The East German wage level remains only slightly lower than the Western level (as does productivity), but is significantly higher than in neighbouring post-communist CEE-countries. Because of these differences in economic transition, it can be expected that East Germany attracts a different kind of foreign direct investment compared to other CEE-countries. The objective of this dissertation is to empirically identify the factors affecting foreign direct investment into the region and to discuss the implications of the empirical findings for regional and national economic policy. The "region" is represented in this book by East Germany and three of its Central-European neighbour-countries, the Czech Republic, Poland and Hungary.

**FACTORS AFFECTING FOREIGN DIRECT INVESTMENT (FDI) IN ALBANIA**

This study analyzes the characteristics, motivations, strategies, and needs of FDI from emerging markets. It draws from a survey of investors and potential investors in Brazil, India, South Korea, and South Africa.

**International Friction and Cooperation in High-Technology Development and Trade**

This book presents the results of a groundbreaking study on spillovers of knowledge and technology from global value-chain oriented foreign direct investment (FDI) in Sub-Saharan Africa, and discusses implications for policymakers hoping to harness the power of FDI for economic development.

**The Factors Affecting U.S. Direct Investment in South Korea**

This dissertation, "Two Essays in International Trade and Foreign Direct Investment" by Yi, Sun, 孙熠, was obtained from The University of Hong Kong (Pokfulam, Hong Kong) and is being sold pursuant to Creative Commons: Attribution 3.0 Hong Kong License. The content of this dissertation has not been altered in any way. We have altered the formatting in order to facilitate the ease of printing and reading of the dissertation. All rights not granted by the above license are retained by the author. Abstract: This dissertation consists of two studies. The first study is about the effect of institutions on the realization of foreign direct investment (FDI), and the second study examines the role of Hong Kong as the export intermediaries for China's export. In the first study, we empirically examine the determinants for the breach of ex ante contracted FDI using a unique firm-level data set of foreign invested enterprises in China. We find that both the institutional quality of China's various regions as well as that of FDI sourcing countries have significant impacts on the fulfillment rate of ex ante contracted FDI. In the second study, we use China's Custom data to analyze the factors affecting the share of China's indirect exports routing through Hong Kong, and explore the reasons that account for the declining role of Hong Kong in China's export. We find evidence that Hong Kong plays a greater role when regions are geographically closer to Hong Kong yet poorer in institutional quality, or when destination countries are further away and have more complicated importing documents. It has an advantage in helping China export differentiated products rather than homogenous goods, whereas has no advantage in helping export China's new products. We find that the reallocation of China's export across regions, products and firm types contributes to the decrease of Hong Kong's role as China's export intermediary. We also find that firms with higher productivity or higher increase in productivity would be more likely to export directly rather than export through Hong Kong. DOI: 10.5353/th_b5312318 Subjects: International trade - China Investments,
Foreign Direct Investment, Foreign Aid, and Socioeconomic Infrastructure in Developing Countries

During the 1970s and 1980s, developing countries, skeptical of foreign investment, imposed several barriers on entry of foreign capital. However, the late 1980s and 1990s marked the onset of globalization, which integrated the whole world into a single global economy. The once-conservative developing nations, realizing the multifarious benefits of foreign direct investment (FDI), began encouraging entry of foreign firms, using various incentives, such as tax holidays, production subsidies, cash grants, labor training grants, and import duty exemptions. Gradually, FDI and foreign aid became two very important sources of foreign capital for these capital-constrained economies. This dissertation is focused on studying if there is any kind of relationship between foreign aid and private investment in recipient countries. FDI is a decision made by foreign investors on the basis of profitability of investment, whereas foreign aid is a political decision made by governments of donor countries on the basis of need for financial assistance by developing countries. We model foreign aid as an exogenous factor in allocation of foreign direct investment, along with other variables, to estimate the effect of aid on investment. Among the factors affecting FDI, infrastructure is considered to be an important one, in allocation of funds across developing countries. This dissertation is arranged as follows. In chapter 2, we introduce the term `socioeconomic' infrastructure and create an index, by combining several components of infrastructure, using the multivariate technique of principal components. Prior to creating the index, we employ the technique of multiple imputation to deal with missing data. Our measure of socioeconomic infrastructure contains elements of physical infrastructure, such as transportation facilities, telecommunication facilities, consumption demand for energy and electricity, as well as social infrastructure components, such as voice and accountability, political stability and the absence of violence and terrorism, rule of law, control of corruption, government effectiveness, and regulatory quality. In chapter 3, we develop a theoretical model to address the research question: Does foreign aid impede or encourage foreign direct investment in developing nations? Our theory demonstrates that foreign aid used by the recipient country in financing a public input (known as development aid) encourages foreign direct investment. We also empirically address the same issue by modeling foreign aid as a determinant of foreign direct investment, along with a host of other factors, including our computed index of socioeconomic infrastructure. Our analysis shows that public consumption aid (foreign aid used for financing consumption expenses) does crowd out private investment in current account surplus developing countries, whereas development aid crowds in private investment in the presence of sound macroeconomic, political, legal, and administrative machineries. In chapter 4, we build a panel econometric model to explain the factors underlying socioeconomic infrastructure in developing countries. Our results indicate that countries with higher per capita income, a prominently large government, high investment demand, and large government revenue tend to have better infrastructure.

Industrialized Countries' Policies Affecting Foreign Direct Investment in Developing Countries: Country studies

A host of external (global and regional) and internal (country-specific) factors affect Multinational Enterprises' Foreign Direct Investment (FDI) decisions. Differentiating the two entry modes of FDI (mergers and acquisitions [M & A] and Greenfield investment), this paper aims to empirically assess whether or not being a part of global emerging market economies or any specific emerging regions affects investors' decisions of FDI flows to an emerging country in addition to various country-specific factors. For this purpose, this paper employs a system generalized method of moments estimator for the panel data consisting of 40 emerging
countries for the period 1990-2009. The results suggest that there exist a strong and significant global and regional influence in both types of FDI flows to an emerging country. M & A appears to be more sensitive to external factors, both global and regional effects are about twice stronger for M & A than for Greenfield FDI. The results also suggest that countryspecific factors matter a lot for FDI flows both in the form of M & A and Greenfield FDI, pointing to the importance of government roles in helping stabilize FDI flows to emerging countries. This paper also offers empirical evidence which is consistent with the phenomenon of a fire-sale FDI during the period of financial crisis. Additional evidence using extensive and intensive margins of M & A sales suggest that the fire-sale does not necessarily imply an increase in the number of deals, but it may reflect the sales of big firms during the crisis.

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