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Notes

1 I am grateful to Marina Moretti for her help in collecting data and background information, and to Rumman Faruqi, I. Coomaraswamy and B. Mukherjee of the Commonwealth Secretariat for their comments on an earlier draft.

2 UNCTAD (1994.a).

3 There are several problems in the measurement of FDI flows, discussed by Patterson (1992). These problems cannot be analysed here, and data are presented as they appear in the various leading sources.

4 UNCTAD (1994.a), p.16.

5 The developing world is defined in conventional terms here, including NIEs like Hong Kong and Singapore (which are now counted as high income countries in the WDR) as well as Mexico (which has just joined the OECD).

6 UNCTAD (1993.b).

7 A summary of the findings is also given in UNCTAD (1993.a) p. 107-109.

8 Data from UNCTAD (1993.a) , p. 62.

9 UNIDO (1990).

10 UNCTAD (1994.a).

11 See Oman (1984, 1989), UNCTAD (1993)

12 World Bank, World Development Report 1994, and Kirwan (1993).

13 Financial Times, London, 9 September, 1994, "Malaysia's planners ride the fast lane", p. 6.

14 UNCTAD (1993.A) .

15 See Culpan (1993).

16 See Ernst and O'Connor (1989) on the electronics industry.

17 See Oman (1994). On FDI policies and an analysis of the economic principles underlying them, see Julius (1990).

18 See Kaplinsky (1994).

19 Dunning (1993), Julius (1990).

20 See UNIDO (1990). On the general economic determinants of locational choices of multinational enterprises, see Dunning (1993).

21 In Latin America, Argentina, Brazil and Mexico accounted for 76 percent of total FDI to the region in the period 1985-89, and for 70 percent in 1990-92. Apart from economic reforms and better macroeconomic management, factors accounting for this pattern of FDI were the swapping of foreign debt for equity, privatisation of state-owned enterprises, and "round-tripping" mechanisms (the use of FDI as a substitute for flight capital repatriation) in these large economies.

22 Most FDI In Sub-Saharan Africa went to oil producing countries, notably Nigeria and Angola. The largest recipient was Nigeria, which accounted for an average share of almost 50 percent of total inward FDI during the decade to 1992, with little signs of a change in the trend.

23 Note that these data, from the IMF balance-of-payments statistics and World Bank's World Debt Tables, may not correspond to the data from the UNCTAD reports referred to in the previous section. However, the broad trends are similar across all sources of data, and existing discrepancies, inherent in the nature of the data, cannot be resolved here.

24 UNCTAD (1994.a), pp. 13-15. These ten countries, in descending order of total inward FDI over 1981-92, are as follows: China, Singapore, Mexico, Malaysia, Brazil, Hong Kong, Argentina, Thailand, Egypt, and Taiwan. They are followed by Nigeria, Indonesia, Colombia, Korea, Venezuela, Philippines and Chile.

25 In 1993 China's dominance rose further, with FDI inflows estimated at between $23-26 billion. This was followed by a further 54% increase in FDI in the first half of 1994 as compared to the same period in 1993, according to data reported in The Economist, London, August 6, 1994, p. 65.

26 FDI approvals by India in 1993 came to $2.9 billion, though actual arrivals were $577 million (UNCTAD, 1994.a, p. 81).

27 Data from UNCTAD, World Investment Directory. The regional origins of FDI in these countries are not available in thie source for a later year than 1988. Data for Malaysian stocks and Sri Lankan flows and stocks are for 1985 and 1987. The Jamaica data for stocks are for 1984 only.

28 Lecraw (1990) has an econometric investigation of various determinants of FDI patterns, in which he finds that the influences are very diverse and that most economic and political factors suggested have some discernible impact.

29 On the determinants of competitiveness in industry see Lall (1990).

30 See UNCTAD's new World Investment Report 1994 on the significance of skills to FDI.

31 This is documented for Malaysia by ADB (1994).

32 One sign of this the Guidelines recently submitted by the World Bank on the Treatment of Foreign Direct Investment. This provides a voluntary framework for the treatment of FDI, comprising what UNCTAD (1993.a) terms "a synthesis of existing instruments and the 'best practices' that tend to stimulate FDI." (p. 29).

33 See Wells and Wint (1990) and also Wint (1993).

34 Guisinger (1986) describes the results of a World Bank research project on the effectiveness of policies to attract Multinational enterprises to developing countries.

35 UNCTAD (1994.a).

36 Odle (1993).

37 When Mexico privatised its SICARTA S.A. steelworks in 1992, the successful bid in the US $500 million sale was an Indian firm, ISPAT steel.

38 The involvement of capital markets is necessary when privatisation is carried out through public offerings, as opposed to private sales. In addition to being allocatively efficient, public offerings are more advantageous, though more costly, for the developing country, as they ought to contribute to the modernisation of local financial markets. See on this point Bouin and Michalet (1991).

39 Exceptions are privatised export-oriented enterprises and high-technology industries, where majority ownership is allowed.

40 Odle (1993).

41 Miller and Sumlinsky (1994), p. 4. On the similarities of responses between local and foreign firms in developed countries, see Julius (1990).

42 See, for instance, the World Bank's (1993) study of the Asian "miracle", and the critiques by Lall, Amsden and others in the April 1994 issue of World Development. .

43 Lall (1994.a).

44 World Bank (1994).

45 On the deficiencies in African capabilities in industry see Lall (1992).

46 The efficiency of this depends on the height of trade barriers erected by the bloc with respect to the rest of the world if very high barriers are raised, it would have the same effects as import-substituting industrialisation, and would lead to inefficiency.

47 For example, MERCOSUR (created in 1992) established a schedule for harmonisation—particularly in the field of taxation, profit remittance, and treatment of the services sector. ASEAN formally established in 1993 the ASEAN Free Trade Area (AFTA),

to be phased-in over 15 years, involving in its initial stage a series of measured tariff reductions on a range of products. NAFTA, signed in 1992, is highly comprehensive and includes the harmonisation of technical standards, competition policy and intellectual property rights, and the setting of standards of treatment of foreign Multinational enterprises in member countries. Preston and Windsor (1992) deal with the regulatory apparatus of various regional associations.

48 The Southern African Development Co-ordination Conference (SADCC), organised in 1980, aimed only at economic co-ordination rather than creation of a formal trade block. The 1975 Economic Community of West African States (ECOWAS), uniting 22 countries, the Preferential Trade Area (PTA) for Eastern and Southern Africa, created in 1981 and now counting 16 members, and the 1983 Economic Community of Central African States (ECCAS) have achieved very modest results.

49 See PITO (1992).

50 The early Sijori experience is reviewed in Lee (1991).

51 See van Grusven (1994).

52 Euromoney, September 1993. The rankings shown for each country are for its position in the world as a whole. The fist 11 places are held by developed countries, led by the US and Japan. Tax havens, formerly socialist countries of East Europe and oil states are excluded above.

53 UNCTAD (1994.a), pp. 145-46. The Triad refers to the three groupings of and around developed economies: North America, Europe and Japan.

54 UNCTAD (1993.a), p. 174.

55 UNCTAD (1993.a), p. 177.

56 The interplay of incentives, capabilities and institutions as determinants of industrial success are analysed in Lall (1990).

57 Much of the information is drawn from UNCTAD (1993, 1994).

58 UNCTAD (1994.A), p. 94.

59 See World Bank (1994) and Lall (1992).

60 The details of this are given in the World Investment Report 1993, p. 51.

61 UNCTAD (1994.A), p. 87.

62 Lall (1994.a).

63 UNCTAD (1994.a), p. 66.

64 See Lall (1993.a) for a review of recent FDI in South Asia.

65 MIGA guarantees include: (i) transfer risks arising from currency restrictions; (ii) loss from legislative and administrative actions, whether or not such actions constitute formal expropriation; (iii) government repudiation of contracts; and (iv) armed conflict and civil unrest.

67 See, for instance, Dunning (1988), Lall et al (1983), Wells (1983), UN TCMD (1993), Tolentino (1993).

68 Figures of Sub-Saharan Africa exclude South Africa, on which no data are available.

69 The data for Latin American FDI outflows do not include figures for Chile or Mexico..

70 The data FDI outflows for Asia do not include Hong Kong, which is one of the largest overseas investors in the region, or for Malaysia, India or Indonesia.

71 See Peres N'Òez (1993).

72 Lall (1991), UN TCMD (1993)

73 The preponderant proportion of this appears as Hong Kong investments. Clearly Hong Kong enterprises are major investors in China, but the figures also contain significant Taiwanese capital, and perhaps investments by other countries operating through Hong Kong. It may also include "round-tripping" by Chinese enterprises bringing capital back to China.

74 Includes large investments from West Asia; the stock of other Asian countries is 2%.

75 The Hong Kong figure for this period is very low because of a massive repatriation of capital to China in 1987.

76 The figure for investments from South East and East Asia is 5%; the remainder is from West Asia.

77 The figure for investment stock from East Asia is 4%, the remainder is from West Asia.

78 Lall (1991).

79 The relationship of the industrial structures of the NIEs with their overseas investment is analysed in Lall (1991)

80 Financial Times, 25 November, 1994, p. 4.

81 On the technological capabilities built up by leading Taiwanese computer manufacturers, see Clifford (1993).

82 Financial Times, 25 November, 1994, p. 4.

83 See Règiner (1993).

84 See Chen (1989), and "Network Capitalism", Far Eastern Economic Review, 2 December 1993, p. 17.

85 Lall (1991).

86 Reported in the Far Eastern Economic Review, February 24, 1994, p. 70.

87 See, for instance, The Economist, 13 August, 1994, p. 30.

88 For instance, the Financial Times of 16 September, 1994, announced a $500 million investment by Daewoo in China to make computer memory chips and other related high technology products.

89 "Asian investors lead the way in Vietnam", Financial Times, 24 February 1994.

90 Tolentino (1993).

91 See Goldstein (1993).

92 Asiamoney, November 1993, pp. 14-15.

93 "Globalisation: Window to the World," Business India, May 9-22, 1994, pp. 65-72.

94 See Ye Gang (1992).

95 Reported in the Far Eastern Economic Review, January 20, 1994, p. 17.

96 See Yu and Yip (1993-4).

97 See Tolentino for a comprehensive review.

98 Wells (1983).

99 Lall (1983).

100 Tolentino (1993), p. 370.

101 About 1200 Japanese SMEs are identified as Multinational enterprises, according to UNCTAD (1993.c), p. 56.

102 See Adachi (1992).

103 "A global scramble for partners", Financial Times, March 16, 1994, Survey of Information and Communications Technology, p. VII.

104 See in particular Oman (1984, 1989).

105 See in particular World Bank (1994).

106 Bond and Carter (1990).

107 Chandavarkar (1994)

108 Chandavarkar (1994), p. 9.

109 Examples are two major highway projects: the North Kalang Straits by-pass and the Kuching-Kapang interchange in Sarawak.

110 Goldstein (1994).

111 According to a report in the Financial Times of 17 September, 1994, p. 3, CEPA has signed a 30 year deal with the Indonesian government to build, own and operate two 660MW plants in North Java, with generation starting in 1998.

112 Financial Times, 28 October, 1994.

113 See Julius (1990) for a comprehensive analysis of the appropriate framework for MNEs.

114 UNCTAD (1993.c). Ibid. Table VII.5.