

Determinants of Foreign Direct Investment: A Macro Perspective.

B.K. Lokesha & D.S. Leelavathy

This paper provides an extensive explanation for determinants of FDI inflows in to as well as outflows from India. It analyzes the dynamics of several FDI determinants in relation to the inflows and outflows. It reviews the key results of research regarding the determinants of FDI. The study concludes that FDI inflows in to India is simultaneously determined by the policy framework, market size, economic factors as well as economic stability and political factors. The study also infers that there are similarities and dissimilarities in determining factors that explain FDI inflows in to India and other underdeveloped countries.

B.K.Lokesha is a Research Scholar, Nagamangala, Mandya district, Karnataka. E-mail:lokesh sac @ yahoo.in. D.S.Leelavathy is Professor DOS in Economics and Co-operation, Manasagangothri, Mysore, Karnataka.

FDI: The Concept

‘Capital and investments along with human resources are the essential hub of development’. This statement has gained lot of importance in recent times. FDI has been instrumental in economic growth of developed countries. Almost every developed country has had the assistance of foreign finance to supplement its own meagre savings during the early stages of its development. This has prompted India and other developing countries to reform their economic policies to attract FDI. India, like many other countries, attracts foreign direct investment as an important element in their strategy because FDI is widely regarded as an amalgamation of capital, technology, marketing and management.

FDI is widely regarded as an amalgamation of capital, technology, marketing and management.

In the liberalization era, India is known to have attracted a huge quantum of FDI. According to UNCTAD (2007) India has emerged as the second most attractive destination for FDI after

China and ahead of the US, Russia and Brazil. India has experienced a marked rise in FDI flows in the last few years, FDI inflows in to India has increased from \$ 11.4 billion in 1990-99 to \$ 371.82 billion in 2009-10.

FDI is the process whereby resident of one country (the home country) acquires ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country (the host country). Balance of Payment *Manual* of IMF defined the FDI as a category of international investment that reflects the objective of obtaining a 'lasting interest' by a resident entity in one economy in an enterprise resident entity in another economy. The 'lasting interest' implies the existence of a long relationship between the direct investor and the enterprise, and a significant degree of influence by the investor on the management of the enterprise. RBI definition of FDI is more stringent since it excludes reinvested earnings, foreign equity listings, foreign subordinated loans to domestic subsidiaries, overseas commercial borrowings, financial listing, trade credits, grants, bonds, ADRs and GDRs whereas the IMF Guidelines include all these under FDI. Thus there are differences in computation.

Focus & Framework

The focus of this study is to analyze the behaviour of some selected micro and macro pull and push factors of FDI determinants. The objective is to observe and analyse the dynamics of some se-

lected FDI determinants in relation to the inflows and outflows as a consequence of economic reforms in India. Different frameworks have evolved for analyzing the determinants of FDI. An exceptionally flexible and increasingly popular one is the eclectic theory of John Dunning according to which the determinants of FDI could be considered on the basis of firm specific advantages, internalization advantages and countries' specific advantages. These advantages may be termed as 'push factors' of the host countries.

Literature Survey

Markusen and Maskus (1999), Love and Lage-Hidalgo (2000), Lipsey (2000), and Moosa (2000), highlight how the domestic market size and differences in factor costs can relate to locational FDI. From the point of view of foreign investors this factor is important where the industries are characterized by relatively large economies of scale.

Labour cost which is one of the major components of the cost function deters FDI.

Labour cost which is one of the major components of the cost function deters FDI. It is true for the firms, which engage in labour intensive production activities. Studies by Kravis and Lipsey (1982) Wheeler and Mody (1990) Lucas (1993) Wang and Swain (1995) and Barrell and Pain (1996) found no significant negative relationship of wage and FDI. Nonetheless there are other re-

searchers such as Morre (1993), Love and Lage Hidalgo (2000) who have found out that higher wages do not always deter FDI in all industries and have shown a positive relationship between labour cost and FDI.

Gostanga (1998) and Asiedu (2002) focus on policy reforms in developing countries as determinants of foreign direct investment inflows. They considered corporate tax and degree of openness to FDI as determinants. Ethier (1994) Brainard (1997) Cars, Markusen and Maskus (2001) highlight the effect of tariffs on FDI in the context of horizontal and vertical specialization with MNC's. Froot and Stein (1991) claimed that a depreciation of the host currency should increase FDI in to the host country and conversely an appreciation of host currency should decrease FDI. Sayek Selin (1999) explained the negative relationship between inflation and FDI. Higher inflation causes low inflow of FDI in host country. Hymer's (1960) market imperfection hypothesis postulated that FDI was the direct result of an imperfect global market environment. This approach successfully analyzed the 'tariff jumping' FDI which was prevalent in the countries encouraging import substituting industrialisation policies in the late seventies. In the eighties there was a need to explain the rising volumes of FDI despite the world markets becoming integrated.

Rugman (1960) in his "internalization theory" explained FDI in terms of the need to internalize transaction costs so as to improve profitability and explained

the emergence of efficiency seeking FDI. According to Dunning's (1993) OLI theory FDI takes place owing to ownership internalization and locational advantages. Ownership advantages are firm-specific competitive advantages which an investing firm possesses over local firm in serving particular markets. These include unique assets relating to technological knowhow, marketing expertise, and managerial skills. The locational advantages of the host countries are the natural resources, cheap inputs, large markets and so forth. To minimize transaction costs and increase profitability, investing firm must exploit their ownership and locational advantages through 'internalization'.

Traditional theories have characterized exports and FDI as alternative strategies. The growing complexities in the relationship between trade and FDI in the globalised era of integrated markets have led to the emergence of new approaches to study them. Gosse and Trevino (1996) in their study indicate that FDI used to preserve markets that were previously established by exports. Eaton and Tamura (1994) suggest that FDI follows exports, following Mundell (1957) it was long thought that FDI substituted trade. Further there have been some studies that have explored the relationship between FDI and trade by taking unified approach, in which the two flows are determined simultaneously.

Globerman and Shapiro (1999) found that the regional trade agreements caused both inward and outward FDI. Blomstrom and Kokko (1998) separated the effects

of regional trade agreements along two dimensions, the indirect effect on FDI through trade liberalization and direct effects from changes in investments rules connected with the regional trade agreements. According to them lowering interregional tariffs can lead to expanded markets and increased FDI, but lowering external tariffs can reduce FDI to the region if the FDI is tariff-jumping.

There are a number of studies indicating productivity spillover from FDI. Caves(1996), Globereman (1979), Blomstorm and Wolf (1994), Daankov and Hockman (2000) and Banga (2004) opine that higher the inflow of FDI, higher will be the capability of the domestic investors to undertake investments abroad. Kyrkills and Pantilidies (2003) noticed that income is the most important determinant of FDI inflows for Germany. In addition they also discovered that exchange rate is an influential factor in affecting the outward FDI to Brazil and Singapore. Prugel (1981), Lall (1980), Grubangh (1987) find relative low interest rate in the home country will lead to higher tendency of outward FDI. Exchange rate also has significant impacts towards the outward FDI. Hosmane Manjappa & Niranjana (2010) made an attempt to assess the determinants of investment patterns of Indian manufacturing sector over the years, at an aggregate level of major industry groups.

Detrimental Factors of FDI in India

Ayikut and Ratha (2003) have broadly categorized the determinants of FDI into demand side pull factors and

supply side push factors in the Asian developing countries. Pull factors are the micro and macro characteristics of the host country markets that attract FDI towards them and push factors are the micro and macro characteristics of the home country that push outward FDI into the destination economies.

Pull factors are locational specific characteristics of the host country markets that induce home country investments.

Pull factors are locational specific characteristics of the host country markets that induce home country investments.

Policy Framework of FDI in India

Government policies are a possible determinant of FDI since the government considers FDI flows as means to fight unemployment and enhance national growth rate. The significant policies are: liberalized industrial policy, trade policy, tax policy, intellectual protection regime, international trade agreements of a country etc.

(a) Liberal Industrial Policy: Industrial policy liberalization is one of the most important determinants of FDI in India. Several liberal policies have been adopted since 1991. This policy, while freeing the Indian economy from official controls, promoted the opportunities for foreign investment in India and liberalised the economy towards foreign investment and technology. In the pre-liberalisation era, foreign

Table 1: Determinants of FDI

	· Policy framework of FDI in India.	Liberalized industrial policy, liberal trade policy, foreign exchange policy, exchange rate regime, intellectual property regime, tax policy of government.
	· Market size and GDP	Size, income levels, urbanization, stability and growth prospects, access to regional markets, distribution and demand patterns.
Pull factors Determining	· Economic determinants	Foreign exchange reserve, infrastructure, cost of capital or interest rate, cost of labour.
FDI inflows	· Economic stability.	Debt- GDP ratio, industrial disputes inflation rate, deficit in the balance of payments.
	· Political factors.	Political stability and freedom from external aggression, security of life and property, reasonable opportunities for earning profits, prompt payment of faired and transferable compensation in case of nationalization of a foreign owned enterprises, facilities for immigration and employment of foreign personnel, freedom from double taxation, a general spirit of friendliness toward, foreign investors.
Push factors Determining FDI outflows.		Exports, imports, FDI inflows.

equity participation was restricted normally to 40 percent and technology agreements needed prior approval. As against this, the new policy has allowed 51 percent foreign equity participation and also allowed majority foreign equity with automatic approval in a large number of industries. In January 2005, for example the government relaxed restrictions on new FDI in India by foreign partners of joint ventures. The previous rules, issued in press note in 1998, had required a release by the Indian partner and Government of India approval for any new investment, a provision often subject to abuse. The new rules maintain restrictions on the majority of the existing joint ventures, but have new ones to negotiate their own commercial terms. A local firm's ability to restrict its

foreign partner's business strategy has been reduced, but the way out of a current joint venture remains uncertain. FDI policy liberalization is a very necessary but not a sufficient determinant of FDI as in the case of Africa where regulatory frameworks in most countries are quite open but FDI inflows remain low. So other determinants have come into play a crucial role for investment to flow into the country.

FDI policy liberalization is a very necessary but not a sufficient determinant of FDI

(b) *Liberal Trade Policy*: Theoretical literature suggests that the liberal trade regime of the host country may

have two counteracting influences on the inflow of FDI. Firstly, open regimes that facilitate intra-firm trade, allow greater freedom to TNCs and are export-friendly may make the host country a better place to do business for foreign enterprises and FDI inflows may increase. On the other hand, restrictive trade regimes with high tariffs offer a locational advantage for tariff jumping import substituting FDI by TNCs.

In India there have been many trade policy changes since 1991. The export-import policy since the 90s has eliminated to a substantial extent quantitative restrictions, licensing and discretionary controls. The changes include de-licensing and substantial reduction of tariffs on import of capital goods, raw materials and components, re-classification of tariff categories, and permission to foreign companies engaged in manufacturing and trading activities to open branch offices in India. As a result all goods can now be freely imported and exported. The change in the policy attitude reflects the government's commitment to the idea that foreign trade and FDI flourishes in an atmosphere of freedom.

Foreign exchange policy represents the investment climate in the country.

(c) Foreign Exchange Policy & Exchange Rate Regime: Foreign exchange policy represents the investment climate in the country. There have been some changes introduced in the foreign exchange regulations in India. The amend-

ment to FERA has removed a major hurdle to the FDI inflows into the Indian industry. The operating environment has received a major fillip with the introduction of a single market determined exchange rate for the rupee since 90s. All import and export transactions are now conducted at the market rate of exchange. The market rate also applies to other transactions like payments in respect of repatriation of dividends, jump-sum fees and royalties and foreign trade. The government also introduced current account convertibility in 1994.

(d) Intellectual Property Protection Regime: The Uruguay round negotiations presumed that stronger patent regime improves the investment climate in the host country and encourages the inflow of foreign direct investment, intellectual property protection links more directly with R&D activity. MNCs may be apprehensive of locating their key R&D centres in countries with weak patent regimes. Therefore, the relative strength of patent protection available in a country may be a factor in determining the overseas R&D activity of the MNC's. India is a signatory of Uruguay round negotiations which strongly protect IPR and hence has good environment for host countries to invest in India.

(e) Tax Policy: Fiscal policies determine the general tax levels, including corporate and personnel tax rates and thereby influence inflow of FDI. Any change in tax rates on corporate income like dividend, royalty, technical fees and capital gains received by a foreign company is expected to influence the inward

flow of FDI. In India during 1993-94 the tax rate on short term capital gains were reduced from 75 percent to 30 percent. An Electronic Hardware Technology Park (EHTP) scheme was set-up to allow 100 percent equity participation, duty free import of capital goods and a tax holiday.

Market Size & GDP

Market size, income of its population and GDP growth are considered as important determinants of FDI in India. Large markets can accommodate more firms, both domestic and foreign, and can help producing tradable products to achieve scale and scope. As growth is a magnet for firms, a high growth rate in host country tends to stimulate investment by both domestic and foreign producers. Traditionally size and growth as FDI determinants relate to national markets for manufacturing products which is sheltered from international competition by high tariffs or quotas that trigger tariff jumping. The commerce department of USA calls India as one of the 10 emerging markets in the world, which means that big growth in investment will come to the big emerging markets from the developed countries. Similarly the World Bank has categorized India as the fifth largest economy of the world after USA, China, Japan and Germany. The largest market causes high GDP growth and there by attract huge FDI. A high average annual GDP growth of 6.6 percent from 1991 to 2006, and 7 to 8 percent till 2010 and gradual improvement of its market mechanisms attracted worldwide attention with emerg-

ing investment opportunities and huge market size.

Economic Determinants of FDI

(a) Foreign Exchange Reserve: The higher level of foreign exchange reserve in terms of import cover reflects the strength of external payment position and helps to improve the confidence of the prospective investors. Increasing foreign exchange reserve implies improving financial health of a country which induces FDI. India has managed to build up its foreign exchange reserve to the desired level during the reforms period. India's foreign exchange reserve in dollar term has increased by around 60 times from US \$ 2.23 billion in March 1991 to, 263.1 billion in 2009 and to 299 billion in January 2011. It shows her growing strength of external payment position. Therefore higher level of foreign exchange reserve leads to inflow of more FDI.

Availability of low cost infrastructure enables the host country to attract more FDI.

(b) Infrastructure: Availability of low cost infrastructure enables the host country to attract more FDI. The establishment of industry requires developed infrastructure. In 2006, India has 3.3 million kilo meters of roads out of which 66 thousand kilo meters are national highways. 5846 kilo meters of roads connect the five corners of the country. The biggest challenge of infrastructure is power, which is now being well taken care both in the production and distribution aspects.

There are more than 135 million telephone connections in India. These infrastructural facilities are responsible for the attraction of FDI in India.

(c) *Cost of Capital/ Interest Rate:* Cost of capital is another important component of financial cost. Generally foreign firms try to reduce their financial cost in order to maintain price competitiveness. RashmiBanga (2003) found that the availability of capital at cheap lending rate may enable the foreign direct investors not only to locate better partners in the host country with sufficient domestic investment to supplement but also maximize the return on their investment. Hence easy availability of capital at lower interest rate in the host country would attract the direct investors from foreign countries. It can also be argued that the host country's cost of capital lends its impact directly on domestic consumption. Thus lower the cost of capital in the host country, the higher the domestic consumption and hence higher the FDI inflows. Element of interest represents the component of cost in the Indian production system, since long time which may hold back investors from investing.

Labour costs in India are among the world's lowest.

(d) *Cost of Labour:* Cost of labour is one among the factors that cause investment costs differential across the countries. So wage differential is one factor which can ensure profit by creating a low cost atmosphere to attract multinational investment in the host country.

Foreign direct investment does flow to the countries where there is availability of comparatively cheap labour than in the home countries. The survey conducted by Mercer Human Resource consulting, the world largest employee consultancy, shows that labour costs in India are among the world's lowest. So, in India the low labour cost create a low cost environment to attract multinational investment.

Economic Stability

Economic stability of the country strengthens the economy to attract FDI. The stability factors which determine FDI are as follows:

India is expected to attract more FDI with the declining trend of Debt-GDP ratio.

(a) *Debt-GDP Ratio:* Increasing debt liabilities would deteriorate the financial health of the country that ultimately causes instability in the economy. Lower the external debt to GDP ratio, higher is the economic stability and inflow of FDI. The level of indebtedness exhibits the burden of repayment and debt servicing on the economy, making the country less attractive for foreign investors. Consistent reforms in India made possible to recover from the "debt trap". Debt-GDP ratio began to fall from 38.7 percent in 1990-91 to 17.6 percent in 2003-04. Debt service ratio also declined from 35.3 percent in 1990-91 to 14.1 percent in 2001-02 due to the sharp fall in the rates of interest in the world market. India is ex-

pected to attract more FDI with the declining trend of Debt-GDP ratio.

(b) *Industrial Disputes:* Industrial disputes capable of increasing the production costs through labour cost and work stoppages, hamper the production process. Hence, industrial disputes are potential constraint for foreign direct investment. Foreign investors would prefer to invest only in those locations where there is continuous availability of labour and less number of strikes.

(c) *Inflation Rate:* Inflation is harmful to economic stability of the host country. It is a sign of internal economic tension. In this environment, the government will be unable to balance the budget and RBI will restrict the money supply leading to low FDI inflows.

(d) *Balance of Payment Deficit:* A large deficit in the balance of payment indicates that the country lives beyond its means. The danger decreases the free capital movement and that it will be more difficult to transfer the profits from the direct investment into the investing country.

Political Factors

United Nations Economic Commission for Asia and the Far East has drawn up some conditions that have to be met if foreign capital is to be attracted to underdeveloped countries. They are: political stability and freedom from external aggression, security of life and property, reasonable opportunities for earning profits, prompt payment of fair and transfer-

able compensation in case of nationalization of foreign owned enterprises, facilities for immigration and employment of foreign technical and administrative personnel, freedom from double taxation, a general spirit of friendliness towards foreign investors.

Push Factors Determining FDI Outflows

The most important push factors of outward FDI are exports, imports and FDI inflows. Higher exports may assure the home country firms of the existing markets in the foreign economies and therefore, lower the risks and uncertainties attached to outward FDI. As far as imports are concerned, the Indian economy which had protectionist policy for a long period, opened up in the early 90's through complete removal of non-tariff barriers and drastic reduction in import duties. This led to import competition that could probably be a push factor for the recent growth of outward FDI from India. FDI inflow is another important factor which could be complementary to FDI outflows. Higher FDI inflows may also enhance the capability of home country in undertaking outward FDI, by enhancing the flow of non-debt private capital and technological and managerial skills, creating domestic employment through backward linkage effects and also by building up the foreign exchange reserves of the country. This is relevant for India.

Conclusion

Over a period of time general and specific FDI policies have become less restric-

tive to inward FDI policies in India with fewer policy barriers. However, other factors have emerged as important determinants of FDI. Prominent among them are basic economic pull factors such as good quality and productive human resources on the supply side and market size on the demand side. Macroeconomic policies that shape the underlying fundamentals of cost competitiveness, economic stability of the country and degree of integration with the world economy have also become more important over time in attracting FDI. The significance of specific determinants appears to be dependent upon the type of FDI. While some determinants such as socio-political stability could well be relevant for every kind of investment, other determinants may not be capable of explaining all types of FDI. For example, the size of domestic demand, income growth cannot explain investment in small low income developing countries. Such investment, therefore, is unlikely to be of the market seeking type. Similarly, labour costs are unlikely to be very relevant in the case of (natural) resource-seeking FDI.

References

- Asiedu, Elizabeth (2002) "On the Determinants of Foreign Direct Investment to Developing Countries: Is Africa Different?" *World Development Report*, 30: 107-19.
- Aykut, Dick & Dilip, Ratha (2003), "South-South FDI Flows: How Big Are They? Transnational Corporations", *UNCTAD/ITE/IIT*, 13 (1), April
- Banga, Rashmi (2004), "Impact of Government Policies and Investment Agreements on FDI Inflows", *Working Paper No. 116*, Indian Council for Research in International Economic Relations.
- Barrell, Ray & Nigel Pain (1996), "An Econometric Model of U.S. Foreign Direct Investment", *The Review of Economics and Statistics*, 78: 200-07.
- Blomstorm, M. & Kokko (1998), "Multinational Corporations and Spillovers", *Journal of Economic Surveys*, 12(3):247-77.
- Blomstorm, M. & E. Wolf (1994), "Multinational Corporations and Productivity Convergence in Mexico", in W. Bahmol, R. Nelson and E. Wolff, eds., *Convergence of Productivity: Cross National Studies and Historical Evidence*, New York, Oxford University Press: 243-59.
- Brainard, S. Lael (1997), "An Empirical Assessment of the Proximity-Concentration Trade, Between Multinational Sales and Trade", *American Economic Review*, 87(4)
- Carr, David L., James R. Markusen & Keith E. Maskus (2001) "Estimating the Knowledge-Capital Model of the Multinational Enterprise", *American Economic Review*, 91(3): 693-708.
- Caves, R. E. (1996), *Multinational Enterprise and Economic Analysis*, Cambridge University Press
- Djankov, S. & B. Hoekman (2000), "Foreign Investment and Productivity Growth in Czech Enterprises", *The World Bank Economic Review*, 14(1):49-64.
- Dunning, J. H. (1993), "Multinational Enterprises and the Global Economy", *Harrow: Addison-Wesley*.
- Eaton, J. & Tamura, A. (1994), "Bilateralism and Regionalism in Japanese and U.S. Trade and Direct Foreign Investment Patterns", *Japanese Int. Economies*, 8: 478- 510
- Ethier, W. J. (1994), "Multinational Firms in the Theory of International Trade", in E. Bacha (ed.) *Economics in a Changing World*. London: Macmillan.
- Froot, K. A. & J. C. Stein (1991), "Exchange Rates and Foreign Direct Investment: An Imper-

- fect Capital Markets Approach”, *Quarterly Journal of Economics*, 106: 191–217.
- Gastanaga, V. M., J. B. Nugent, & B. Pashamova (1998), “Host Country Reforms and FDI Inflows: How Much Difference Do They Make?”, *World Development*, 26(7): 1299–314.
- Globerman, S. (1979), “Foreign Direct Investment and Spillover Efficiency Benefits in Canadian Manufacturing Industries”, *Canadian Journal of Economics*, 12: 42–56
- Globerman, S. & Shapiro, D. (1999), “The Impact of Government Policies on Foreign Direct Investment: The Canadian Experience”, *Journal of International Business Studies*, 30 (3): 513–33.
- Grosse R. & Trevino L.J. (1996), “Foreign Direct Investment in the United States: an Analysis by Country of Origin”, *J. Int. Bus. Stud.*, 27(1):139 – 55.
- Grubangh, S. J. (1987), “Determinants of Foreign Direct Investment”, *Review of Economics and Statistics*, 69(1): 149–52.
- Hosmane Manjappa D. & Niranjana (2011), “Determinants of Investment Pattern in Indian Manufacturing Industry”, *Indian Journal of Economics and Business*, 3rd January.
- Hymer, S, H (1960), “The International Operations of Firms: a Study of Foreign Direct Investment”, Ph.D. Dissertation (MIT 1960), Cambridge, MA: MIT Press.
- Kravis, I. B. & R. E. Lipsey (1982), “The Location of Overseas Production and Production for Exports by US Multinational Firms”, *Journal of International Economics*, 12: 201–23.
- Kyrkilis, D. & Pantelidis, P. (2003), “Macroeconomic Determinants of Outward Foreign Direct Investment”, *International Journal of Social Economics*, 30(7): 827–36
- Lall, S. (1980), “Monopolistic Advantages and Foreign Involvement by US Manufacturing Industry”, *Oxford Economic Papers*, 32:102–22
- Lipsey, R. E. (2000), “Interpreting Developed Countries’ Foreign Direct Investment”, NBER Working Paper No. 7810
- Love, J. H. & F. Lage-Hidalgo (2000), “Analysing the Determinants of US Direct Investment in Mexico”, *Applied Economics*, 32: 1259–67.
- Lucas. R.E Jr. (1993), “Why Does Not Capital Flow from Rich to Poor Countries”, 80: 92–96.
- Moore, M. O. (1993), “Determinants of German Manufacturing Direct Investment in Manufacturing Industries”, *WeltwirtschaftlichesArchiv*, 129: 120–37
- Moosa, I.A. (2000), *Exchange Rate Forecasting: Techniques and Applications*, London, Macmillan.
- Mundell, R. (1957), “International Trade and Factor Mobility”, *American Economic Review*, 47: 321–35
- Prugel, T. A. (1981), “The Determinants of Foreign Direct Investments: An Analysis of US Manufacturing Industries”, *Managerial and Decisions Economics*, 2: 220–28
- Rugman, A.M. (1960), “Internalisation Theory”, *Journal of World Trade Law*, 9(5): 567–73.
- Sayek & Selin (1999), *Foreign Direct Investment and Inflation; Theory and Evidence (Turkey, Canada Open Macroeconomics)*, Duke University Economic, General (0501)
- UNCTAD- (2007), *World Investment Report 2007*, United Nations 16th October.
- Wang, Z. Q. & N. J. Swain (1995), “The Determinants of Foreign Direct Investment in Transforming Economies: Empirical Evidence from Hungary and China”, *WeltwirtschaftlichesArchiv*, 131: 359–82.
- Wheeler, D. & A. Mody (1990), *Risk and Rewards in International Location Tournaments: The Case of US Firms*, Washington D. C., The World Bank.