VOLUME 15 NUMBER 2 AUGUST 2006

TRANSNATIONAL CORPORATIONS

United Nations
New York and Geneva, 2006
United Nations Conference on Trade and Development
Division on Investment, Technology and Enterprise Development

Editorial statement

Transnational Corporations (formerly *The CTC Reporter*) is a refereed journal published three times a year by UNCTAD. In the past, the Programme on Transnational Corporations was carried out by the United Nations Centre on Transnational Corporations (1975-1992) and by the Transnational Corporations and Management Division of the United Nations Department of Economic and Social Development (1992-1993). The basic objective of this journal is to publish articles and research notes that provide insights into the economic, legal, social and cultural impacts of transnational corporations in an increasingly global economy and the policy implications that arise therefrom. It focuses especially on political and economic issues related to transnational corporations. In addition, *Transnational Corporations* features book reviews. The journal welcomes contributions from the academic community, policy makers and staff members of research institutions and international organizations. Guidelines for contributors are given at the end of this issue.

Editor: Anne Miroux
Associate Editor: Shin Ohinata
Production Manager: Tess Ventura
home page: http://www.unctad.org/TNC

Subscriptions

A subscription to *Transnational Corporations* for one year is US$ 45 (single issues are US$ 20). See p. 169 for details of how to subscribe, or contact any distributor of United Nations publications. United Nations, Sales Section, Room DC2-853, 2 UN Plaza, New York, NY 10017, United States – tel.: 1 212 963 3552; fax: 1 212 963 3062; e-mail: publications@un.org; or Palais des Nations, 1211 Geneva 10, Switzerland – tel.: 41 22 917 1234; fax: 41 22 917 0123; e-mail: unpubli@unog.ch.

Note

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the United Nations. The term "country" as used in this journal also refers, as appropriate, to territories or areas; the designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. In addition, the designations of country groups are intended solely for statistical or analytical convenience and do not necessarily express a judgement about the stage of development reached by a particular country or area in the development process.

Unless stated otherwise, all references to dollars ($) are to United States dollars.

ISBN 92-1-112693-2
ISSN 1014-9562
Copyright United Nations, 2006
All rights reserved
Printed in Switzerland

Board of Advisers

CHAIRPERSON

John H. Dunning, Emeritus Esmee Fairbairn Professor of International Investment and Business Studies, University of Reading, United Kingdom, and Emeritus State of New Jersey Professor of International Business, Rutgers University, United States

MEMBERS

V.N. Balasubramanyam, Professor of Development Economics, Lancaster University, United Kingdom

Edward K. Y. Chen, President, Lingnan College, Hong Kong, Special Administrative Region of China

Farok J. Contractor, Professor of Management and Global Business, Graduate School of Management, Rutgers University, Newark, New Jersey, United States

Arghyrios A. Fatouros, Professor of International Law, Faculty of Political Science, University of Athens, Greece

Xian Guoming, Professor of Economics and International Business, Director, Center for Transnationals Studies, Dean, Teda College of Nankai University, Tianjin, China.

Kamal Hossain, Senior Advocate, Supreme Court of Bangladesh, Bangladesh

Celso Lafer, Professor, University of Sao Paulo, Brazil

James R. Markusen**,** Professor of Economics, University of Colorado at Boulder, Colorado, United States.

Theodore H. Moran, Karl F. Landegger Professor, and Director, Program in International Business Diplomacy, School of Foreign Service, Georgetown University, Washington, D.C., United States

Sylvia Ostry, Chairperson, Centre for International Studies, University of Toronto, Toronto, Canada

Terutomo Ozawa, Professor of Economics, Colorado State University, Fort Collins, Colorado, United States

Tagi Sagafi-nejad, Radcliffe Killam Distinguished Professor of International Business, and Director, Ph.D. Program in International Business Administration, College of Business Administration, Texas A&M International University, Texas, United States

Mihály Simai, Professor Emeritus, Institute for World Economics, Budapest, Hungary

John M. Stopford, Professor Emeritus, London Business School, London, United Kingdom

Osvaldo Sunkel, Professor and Director, Center for Public Policy Analysis, University of Chile, Santiago, Chile

Marjan Svetlicic, Head, Centre of International Relations, Faculty of Social Sciences, University of Ljubljana, Slovenia

Daniel Van Den Bulcke, Professor of International Management and Development, University of Antwerp, Belgium

Transnational Corporations
Volume 15, Number 2, August 2006

Contents

ARTICLES

Gaute Ellingsen, Winfried Likumahuwa, Peter Nunnenkamp	Outward FDI by Singapore: a different animal?	1
Dirk Willem te Velde and Dirk Bezemer	Regional integration and foreign direct investment in developing countries	41
Pradeep Kanta Ray and Shams-ur Rahman	Transnational corporations, innovation and inter-firm linkages in India	71

RESEARCH NOTES

Alexius A. Pereira	Biotechnology foreign direct Investment in Singapore	99
Prema-chandra Athukorala and Kishor Sharma	Foreign investment in a Least Developed Country: the Nepalese experience	125

BOOK REVIEWS 147

Outward FDI by Singapore: a different animal?*

Gaute Ellingsen, Winfried Likumahuwa
and Peter Nunnenkamp**

Singapore's outward foreign direct investment is unique in important respects, even though it shares some characteristics with foreign direct investment undertaken by traditional investor countries. The focus of this investment on manufacturing in lower-income Asian host countries suggests that the motivations and trade repercussions of Singapore's foreign direct investment differ from those of such investment undertaken by major industrialized countries. We apply basic gravity models in order to investigate the relationship between Singapore's outward foreign direct investment and trade and, thereby, to assess whether the concern that outward foreign direct investment has adverse labour market implications are economically founded. We do not find that Singapore's foreign direct investment has replaced exports, but the balance-of-payments effects differ considerably across manufacturing industries.

Keywords: vertical and horizontal FDI, trade effects, labour market implications, gravity model
JEL classification: F21, F23, F14

1. Introduction

The fear that outward foreign direct investment (OFDI) has adverse labour market repercussions for the home economy is widely shared in advanced economies, even though public

* This article was prepared while Gaute Ellingsen and Winfried Likumahuwa attended the Advanced Studies Programme at the Kiel Institute for the World Economy.

** Peter Nunnenkamp is head of research for "International Trade, Investment and Growth" at the Kiel Institute for the World Economy. The authors would like to thank three anonymous referees for most helpful comments and suggestions. The usual disclaimer applies. The authors may be contacted at: gaute.ellingsen@gmail.com; winfried_ likumahuwa@yahoo.com; peter.nunnenkamp@ifw-kiel.de.

concerns are not necessarily grounded on rigorous empirical research. J. P. Agarwal (1997) pointed out that such worries existed in countries such as France, Germany, Japan, and the United States in the mid-1990s and earlier. In the United States, FDI flows to Mexico following the creation of the North American Free Trade Agreement (NAFTA) were supposed to represent a "giant sucking sound" of jobs in the United States. S. Brainard and D. Riker (1997a) as well as M. J. Slaughter (2000) found little evidence to this effect, whereas M. Blomström et al. (1997) as well as R. C. Feenstra and G. H. Hanson (1996) argued that the employment and earning opportunities of less qualified workers are negatively affected by the FDI-induced relocation of production and outsourcing of labour intensive stages of the value chain. In European home countries, the accession of Central and East European countries to the European Union (EU) has fuelled public concerns about the labour market implications of outward FDI. Again, the evidence is mixed. J. Konings and A. Murphy (2001) rejected the hypothesis that the emergence of Central and Eastern Europe as an attractive production location has resulted in an exodus of jobs from European home countries. D. Marin (2004) even found positive employment effects in German parent companies. In contrast, the results reported by S. O. Becker et al. (2005) suggest that cost-oriented German FDI in Central and Eastern Europe substitutes, at least partly, for employment at home.

Against this backdrop, one can reasonably expect that labour market concerns may also arise in major investor countries in the developing world. T.-Y. Chen and Y.-P. Chen (1995) for example, pointed to the risk of de-industrialization in their short account of FDI from Taiwan Province of China. The share of developing economies in the world's outward FDI stocks is still modest (11% in 2003). However, FDI stocks held

预览已结束，完整报告链接和二维码如下：
https://www.yunbaogao.cn/report/index/report?reportId=5_10180