

Prospects of intra-regional investment in LDCs: A Case of Asia and the Pacific

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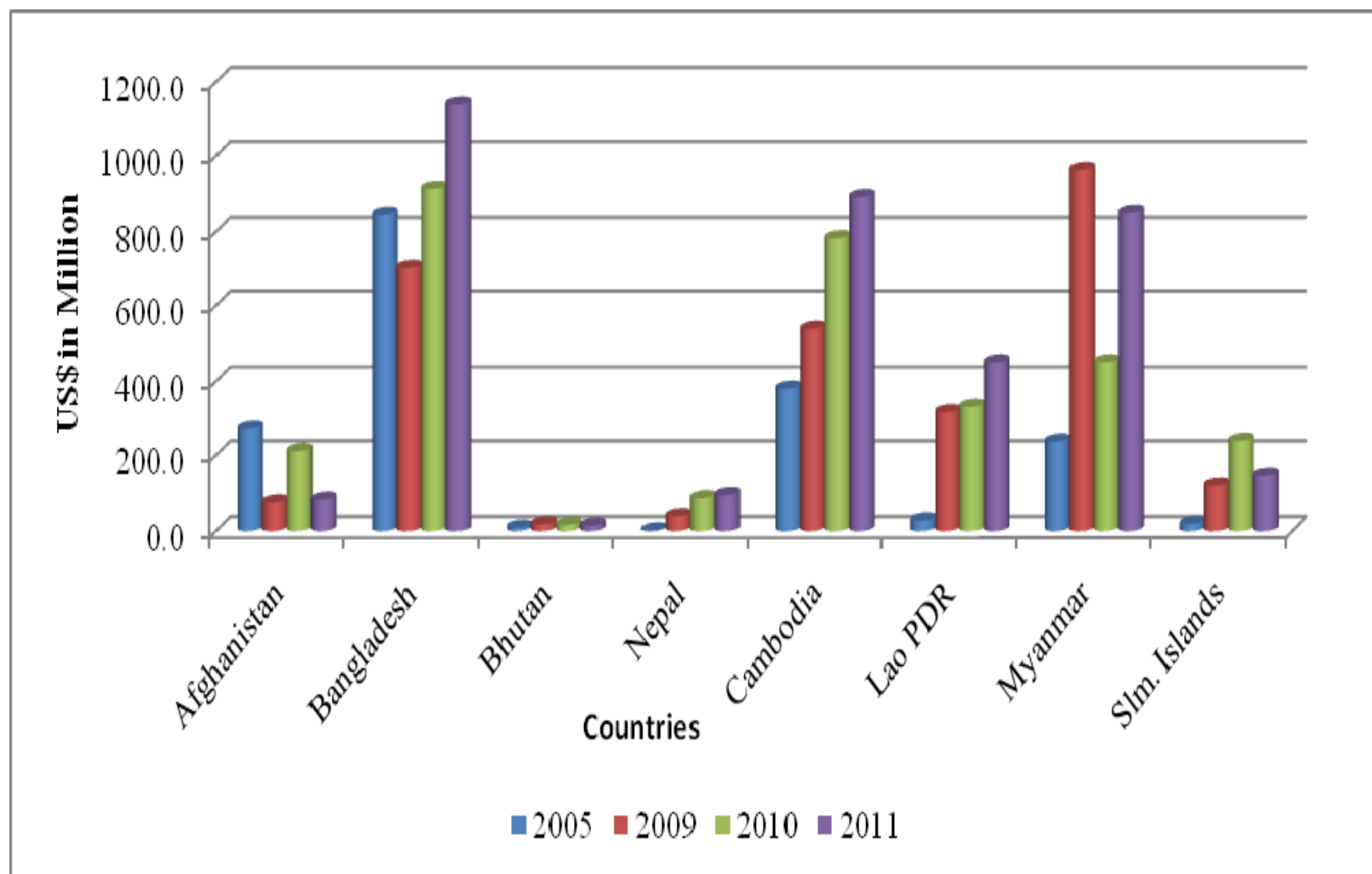
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I. Introduction

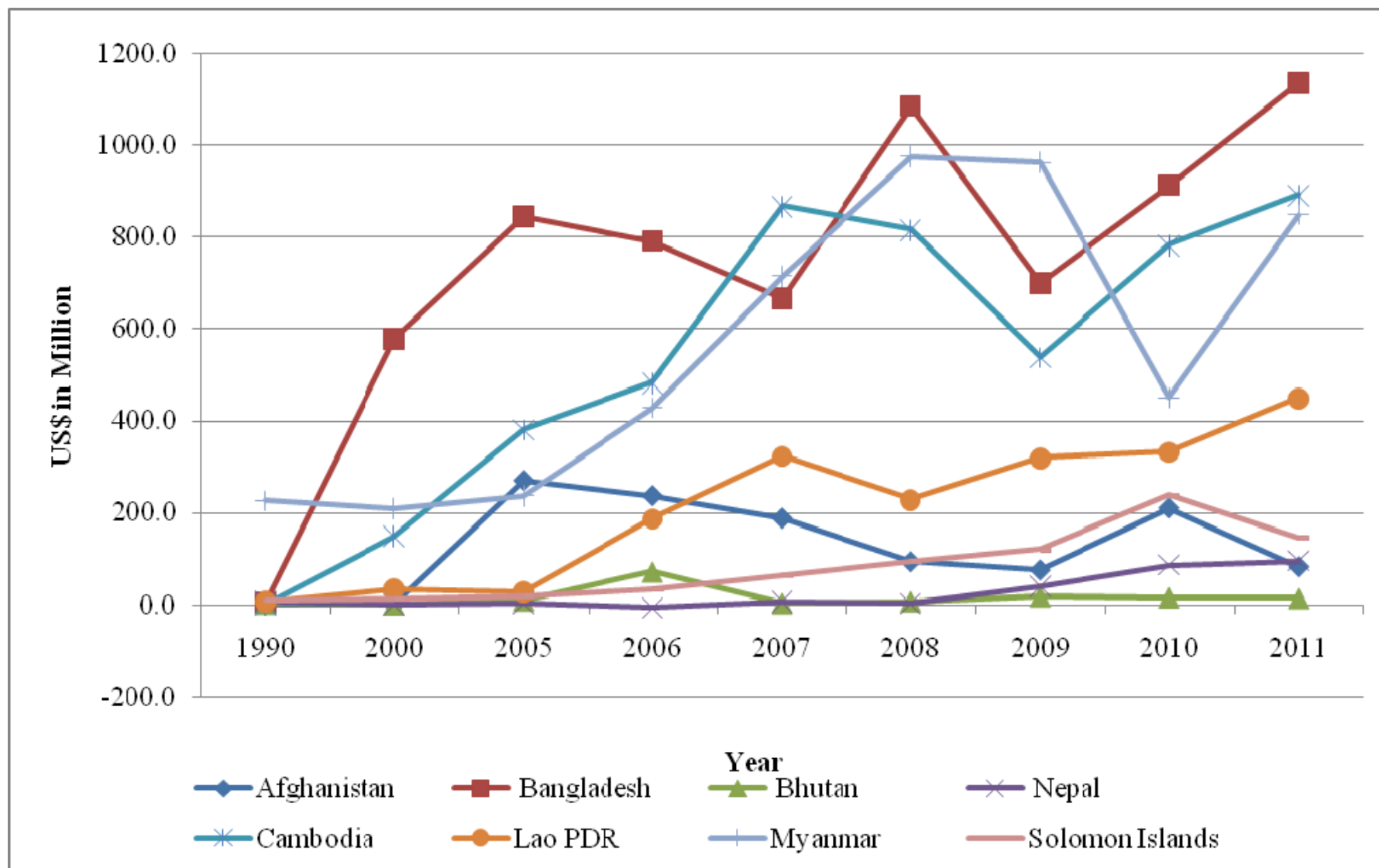
- The LDCs, which constitutes around 12 per cent of the world population, has a dismal gross domestic product (GDP) share of less than 2 per cent in world GDP. They account for less than 1 per cent of global trade in goods, they are also characterized by low levels of investment (UN LDC Conference, 2011).
- Interestingly, the report on World Economic Situation and Prospects 2012 presents an optimistic scenario for the growth pattern of LDCs. The report argues that while world economic growth decelerated markedly in 2011, LDCs experienced only a mild slowdown from 5.6 per cent in 2010 to 4.9 per cent in 2011, and which is expected to be 5.9 per cent in 2012.

Figure: FDI inflows in the select LDCs of Asia and the Pacific



Source: World Investment Report 2012, UNCTAD

Figure: Trend of FDI inflow in Select LDCs of Asia and Pacific



Source: World Investment Report 2012, UNCTAD

- For the decade of 2000-2010, Bangladesh performed very well with a CAGR of 63 per cent in its FDI inflows.
- Similarly, Myanmar and Cambodia also became important investment destinations with the CAGR of 47 per cent and 19 per cent respectively.
- The performances of Solomon Islands and Lao PDR were also remarkable with more than five-fold and eighteen-fold increase in their respective FDI inflows during 2000-10.
- More recently, from 2010 to 2011, Afghanistan has seen a decrease from US\$211 million to US\$83 million, a 61 per cent negative growth during 2010-11.
- FDI inflows have also decreased in Bhutan from US\$16 million in 2010 to US\$14 million in 2011 (a negative growth of 13 per cent).

Table: Presence of Fortune Global 500 firms in select LDCs of Asia and the Pacific

Economy	Year 2001	No.	Year 2010	No.
Afghanistan	None	0	Wells Fargo, ABB, Royal Dutch Shell, Siemens	4
Bangladesh	Akzo Nobel, BASF, GlaxoSmithKline, Nestlé, Nippon Express, Pfizer, Unilever Roche Group	7	Unilever, Merck, GlaxoSmithKline, American Express, BASF, Siemens, Ricoh, Bank of Nova Scotia, Marubeni Corporation, Mitsubishi, Mitsui, Nippon Express, Novartis, State Bank of India	14
Cambodia	Sumitomo, Toyota Tsusho	2	British American Tobacco, Suzuki Motors, Alcatel-Lucent, Mitsui, Deutsche Post, Toyota Tsusho	6
Kiribati	None	0	Australia And New Zealand Banking Group Limited	1
Lao PDR	None	0	Allianz, Deutsche Post, Hochtief, Royal Dutch Shell, Sodexo	5
Myanmar	Sumitomo, Mitsui, Toyota Tsusho, Suzuki, Tomen	5	Bayer, Lufthansa, Marubeni-Itochu, Mitsubishi, Posco, Siemens, Suzuki Motors, Toyota Tsusho, Wilmar	9
Nepal	Aventis, Mitsui Fudosan	2	Sanofi-Aventis, Unilever, A.P. Moller-Marsk, American Express, Mitsui	5
Solomon Islands	None	0	Westpac Banking Corporation, Royal Dutch Shell, Sumitomo	3

Source: UNCTAD, 2011

**Table: Aid for Trade-related ODA disbursements per capita
2006-10 (US\$ constant 2009)**

Country	Amount	Rank
Afghanistan	210.8	28
Bangladesh	12.9	132
Bhutan	290.0	23
Cambodia	52.7	86
Lao PDR	101.7	51
Myanmar	2.6	147
Nepal	27.0	110
Kiribati	429.9	17
Solomon Islands	182.3	33
Tuvalu	2,540.4	06
Vanuatu	651.9	13

Source: OECD CRS Database as cited by Basnett et al., 2012

https://www.yunbaogao.cn/report/index/report?reportId=5_7318

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ent Regimes in the select countries

stic and Foreign Private Investment

e Investment 2005 prohibits discrimination against
ors

vestment Summit on Afghanistan on 28 June 2012 in
lected that as Afghanistan prepares for its
n Decade (2015-2024), foreign investments would be
ntry's economic development

estors: 185 (WB Doing Business Report 2013)