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Wilfried Lütkenhorst*

Challenges from New Trends in Foreign Direct Investment

Foreign direct investment flows to developing countries have undergone major changes in recent years, both regarding their scope and their determinants. This article reviews some new trends in this area and focuses specifically on their implications for export processing zones which in the past have been a widely used instrument to attract foreign investment. How are they affected by the new developments and what can be their role in the future?

The establishment of export processing zones (EPZs) as a means of attracting foreign investment and promote manufactured exports has become a widely applied industrial policy approach in a broad range of developing countries. The number of countries with EPZs in operation increased from some 10 in 1970 to some 35 in 1985. In the same period the number of EPZs rose from 10 to about 80. By 1985 approximately 1.3 million people were employed in these zones. (These are conservative estimates. In the relevant literature any figure between 80 and 180 can be found for the total number of EPZs. This is mainly due to the widespread inclusion of free ports and to specific problems when it comes to counting industrial estates in countries with near-zone conditions such as Hong Kong and Singapore.)¹

The role played by EPZs in promoting industrialization in developing countries has always been a controversial topic. Experience in many countries, in particular in East and Southeast Asia, has shown that these zones can contribute substantially to the generation and/or promotion of manufactured exports and to the provision of productive employment opportunities. However, they have more often than not been characterized by a concentration on only a few industrial branches, by the use of simple and fragmented production technologies, and by a lack of backward linkages with the domestic economy.

Determinants of EPZ Performance

There have been remarkable success stories as well as drastic failures. Three different sets of factors have been the major determinants of EPZ performance in individual cases.

* United Nations Industrial Development Organization (UNIDO), Vienna, Austria. The views expressed in this article are those of the author and do not necessarily reflect the views of the UNIDO Secretariat.

□ Firstly, the international economic environment has exerted an important influence. EPZs established in the late sixties and early seventies, i.e. at a time of rapidly expanding international trade and at the beginning of the first wave of international restructuring and redeployment, benefitted from more favourable initial conditions than the "latecomer"-EPZs set up in the eighties.

□ Secondly, the domestic macro-environment in terms of the level and structure of industrial development and the economic policy approach adopted have had an impact on the attractiveness and development potential of EPZs.

□ Thirdly, a number of micro-level factors have been crucial, including an EPZ's location, the available infrastructure and the efficiency of its administration.

EPZs are thus a phenomenon with many variations. They differ according to location and time. Indeed many zones have been gradually changing their features in response to a changing economic environment.

So far, critical assessments of EPZs have largely centered on their often poor performance in contributing to the achievement of key *internal* development objectives. An issue which, however, has received less attention is whether EPZs in their traditional form are well equipped to meet the *external* challenges emerging from changing magnitudes and patterns of foreign direct investment (FDI). What are the main trends to be

¹ This article does not intend to contribute to definitional questions nor to provide yet another calculation of the number of EPZs existing worldwide. On such overviews cf. A. Basile, D. Germidis: Investing in Free Export Processing Zones, OECD Development Centre Studies, Paris, 1984; J. Currie: Export Processing Zones in the 1980s. Customs Free Manufacturing, the Economist Intelligence Unit, Special Report No. 190, London 1985; and O. Kreye et al.: Export Processing Zones in Developing Countries: Results of a New Survey, ILO Multinational Enterprises Programme, Working Paper No. 43, Geneva 1987.

observed in FDI flows at present? In which way and to what extent do they affect developing countries? What are the consequences for EPZs and the specific types of FDI which these have attracted in the past?

Shifts in FDI Flows

In recent years there has been a distinct tendency for FDI flows to concentrate more strongly than previously on OECD host countries. This has been caused by a number of factors including FDI in EC countries in anticipation of a "Europe without trade barriers" in 1992. Another important feature has been the emergence of Japan as major FDI home country² which is now entering the stage of establishing a global production network. Due both to the strength of the yen and to frequent and serious trade disputes a growing share of Japanese investment is now targeted at the USA, car manufacturing joint ventures being an illustrative example of this trend.

Developing countries as a whole now appear to be running the risk of marginalization in an intensified process of globalizing industrial production. Real FDI flows to developing countries have decreased substantially as has their share in total FDI outflows from developed market economy countries (see Figure 1): since 1975 this share has exhibited a clear downward trend from a peak level of 41.8 per cent to only 16.8 per cent in 1986. At the same time, a strong shift has taken place in the geographical distribution of FDI flows with

Latin America giving way to Southeast and East Asia as major recipient area. It is in the latter region that we find notable exceptions to the general curtailment of FDI flows to developing countries.³

Increasing Role of FDI in Services

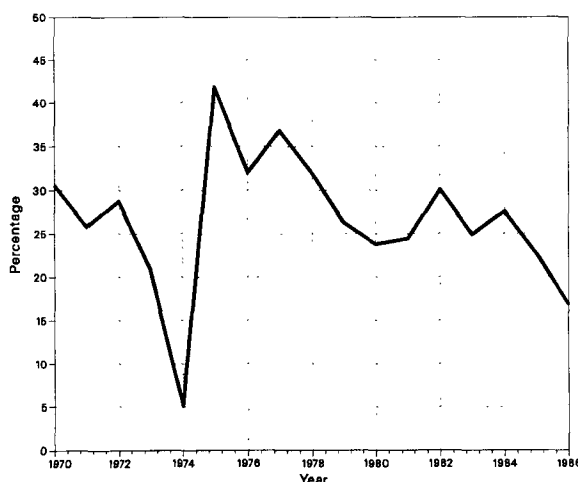
In general – and FDI flows to developing countries are no exception to this trend – there has been a drastic expansion of FDI in services, both in absolute and in relative terms. Given the increasing share of services in OECD countries' GDP and given the growing service content of manufacturing this trend can hardly be surprising. Within a broad range of different service-related investment activities the key fields have been wholesale and retail trading; banking, insurance and other financial services; and recreational facilities. As UNCTC data show, the share of FDI in services in total FDI outflows hovered around 50 per cent for major OECD countries in the mid-eighties: 44 per cent for the USA in 1985 (up from 32 per cent in 1950); 52 per cent for Japan in 1985 (up from 29 per cent in 1965) and 47 per cent for West Germany in 1984 (up from 10 per cent in 1966).⁴

Hence the crucial role of services (many of which cannot be exported but can only be marketed via foreign affiliates, i.e. are necessarily linked with FDI) in the current Uruguay round of multilateral trade negotiations.⁵

Labour Costs Less Decisive

Turning now more specifically to manufacturing FDI in developing countries, far-reaching changes in investment determinants and investment strategies are to be observed at present. One of these is the diminishing significance of inter-country differentials in labour costs as key investment incentive. This has two quite different aspects which need to be clearly distinguished from an analytical point of view:

Figure 1
Share of Developing Countries in Total FDI Flows from Developed Market Economies, 1970-1986
(percentage share at current prices)



Sources: 1970-83: OECD and IMF; 1984-86: UNCTAD. – The different time series used are not strictly compatible. They may be taken, however, as indicative of basic trends.

² Japan's share in total outward FDI flows of OECD countries increased from 19 to 35 per cent between 1975-79 and 1980-83. Cf. OECD: International Investment and Multinational Enterprises. Recent Trends in International Direct Investment, Paris 1987, p. 12.

³ According to UNIDO data, the following impressive figures have been recorded for FDI inflows in 1987: Thailand +590 per cent (first 6 months); Malaysia +103 per cent (first 9 months); Singapore +84 per cent (first 6 months); Taiwan +166 per cent (first 6 months); South Korea +250 per cent; Philippines +65 per cent; and Indonesia +45 per cent.

⁴ Cf. The CTC Reporter, No. 23, Spring 1987, p. 19.

⁵ The opposition of many, notably Latin American, countries to a liberalization of trade and investment in services and the support by some, notably Southeast and East Asian, countries may further concentrate regional disparities in FDI flows. Cf. in general M. Kakabadse: International Trade in Services: Prospects for Liberalization in the 1990s, Atlantic Paper No. 64, London 1987.

□ Differences in production costs in general and labour costs in particular – though continuing to be a relevant factor – in many cases have ceased to be a *sufficient* precondition to induce FDI flows. Other qualitative investment determinants beyond direct production costs have come into play which will be discussed in more detail below.

□ Secondly, even if production costs should continue to be the decisive factor in shaping investment decisions, the labour cost share in these does not weigh as heavily as it used to in the past. The advanced degree of industrial automation stemming from microelectronics-led innovations has drastically reduced the share of labour costs in total production costs. Consequently, we are witnessing a gradual “uncoupling of manufacturing production from manufacturing employment”.⁶ In the UK, to quote but one telling example, labour costs now represent no more than 10 per cent of the average ex-factory costs for all consumer electronic goods; they account for as little as 5 per cent in the case of 14” colour TV sets.⁷

Quite obviously the severe changes in the parameters of international competition taking place at present are shaking the foundation on which much of the current international division of labour has been based. The redeployment of labour-intensive industries to the South

is being slowed down while the “coming home” of outposted factories to their original bases in the North is no longer a speculative topic in the economic literature but has become reality in many cases.

Relocation back North

This can be illustrated by the case of a UK firm producing non-electrical machinery items (industrial and agricultural pumps). In the early eighties, the company established a production unit in Sri Lanka's first EPZ primarily aimed at exports to other Asian countries. Though the share of labour costs was lower than e.g. that of material costs, the former were the only cost component that could be pared down through relocation. Hence, it was essentially Sri Lanka's wage cost advantage which triggered off the investment decision. Meanwhile, despite satisfactory and profitable operation in Sri Lanka, the company has closed down in the country. The crucial reason given has been the introduction of a high degree of automation into the production process which has made the relocation of production back to Manchester economically beneficial. The new machines – functioning around the clock six days a week and requiring just eight semi-skilled operators – have eclipsed Sri Lanka's main asset, viz. cheap labour.

Yet this is only part of the story. In addition to the eroded labour cost advantage the company managers stressed a *qualitative* aspect in their decision. They pointed out that the absence of a sufficiently elaborate local engineering network rendered local subcontracting and the provision of key industrial

⁶ P. F. Drucker: The Changed World Economy, in: Foreign Affairs, Spring 1986, p. 775.

⁷ S. Milne: New Forms of Manufacturing and Their Spatial Implications: The UK Consumer Electronics Industry, paper presented at the European Conference on Applications of New Technologies in Established Industries, University of Newcastle, 23-25 March 1988 (mimeo).

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services extremely difficult in Sri Lanka. As against that, Manchester was at the centre of a region with a rich engineering and machine-building tradition which guaranteed that, should any problems arise with the new equipment, someone would be quickly able to solve them. Were it not for the sophisticated new technology, the company would still be producing in Sri Lanka and indeed, if competitive *intermediate level* technologies for export production were to present themselves it would be willing to return.

Key Investment Determinants

The above case has been reviewed in some detail as it is indicative not only of labour costs losing in significance but also of other investment determinants which are becoming more and more important instead. Whereas the "first round" in establishing a global industrial production network involved labour-intensive goods requiring only simple technologies (e.g. clothing, shoes, toys, simple consumer electronics), worldwide industrial restructuring is now proceeding into branches such as automobiles, electrical machinery, machine tools and others. These tend to use more sophisticated and hence more vulnerable technologies which accordingly place higher demands on potential investment locations. Some of the key aspects are roughly sketched below.

With FDI in developing countries moving gradually away from export production of simple consumer goods based on routine assembly operations and venturing into technologically more sophisticated production lines, economies of scale will assume a crucial role in attempting to recover high investment outlays. In these circumstances, a premium is put on risk diversification: Investors in more advanced areas of manufacturing (such as e.g. machine tools) will primarily opt for strategic locations which allow them to serve export markets while, at the same time, tapping a large *domestic market* of the host country. "Large potential markets such as Brazil, Mexico and China are being tapped by foreign investment, locating there to take over the expansion of new segments of consumers. In sum, the target is still the world market, but the strategy of multilocation is increasingly more important vis-à-vis the export-platform strategy."⁸

Another essential investment requirement would be the *availability of highly skilled* labour able to operate top-of-the-range machinery, often of a CNC type. Low wages cannot by themselves substitute for non-existing engineering skills and hence it is *cheap skilled* labour that foreign investors are after. This means that the performance of developing countries in attracting FDI

will in the future be crucially dependent upon the successful upgrading of existing skills. In the present case, on-the-job training cannot be the solution as the *prior* availability of skilled labour itself figures prominently among investment incentives. Seen from this angle, the attraction of FDI essentially becomes a race against time for most developing countries. The question is whether "the training of technical labour could be done rapidly enough, and on a scale large enough to foster a second stage of 'off-shore' productive decentralization from the North's industrial base".⁹

Finally, the overall *industrial "milieu"* of a host country is of great importance. In a recent survey of Japanese small and medium-sized enterprises having invested abroad, the "technology support" of a host country (encompassing the skill level of the labour force, infrastructure provision and the availability of necessary support industries) was found to be the first ranking determinant of investment decisions, placed even above such important factors as exchange rate stability and political stability.¹⁰ Admittedly, the now frequently used term "*support industries*" is not a well-defined concept; yet it is quite obvious what it basically refers to. The foreign investor in areas such as transport equipment, machinery or electronics is vitally interested in an existing network of industrial products and related services. This concerns areas such as essential spares; subcontracting opportunities for parts and components; maintenance services; and increasingly the assistance of computer software specialists needed to adjust complex machinery or to accommodate specific buyers' requirements.

A recent UNIDO study on the FDI behaviour of machine tool producers confirmed the need to go beyond labour cost considerations and found the concept of "proximity" to be crucial: "proximity to suppliers of high quality materials and components, proximity to a labour force to some extent trained by the machine tool industry itself, and proximity to buyers, many of whose orders are of a 'custom-made' type. These are system requirements, external benefits which can be reaped by the firm".¹¹ Accordingly, the absence of such system advantages in many developing countries

⁸ M. Castells: High Technology, World Development and Structural Transformation: The Trends and the Debate, in: *Alternatives*, Vol. 11 (1986), p. 306.

⁹ M. Castells, *op. cit.*, p. 305.

¹⁰ Cf. P. Phongpaichit: Decision-Making on Overseas Direct Investment by Japanese Small and Medium Industries in ASEAN and in the Asian NICs, in: *ASEAN Economic Bulletin*, March 1988, p. 308 f.

¹¹ UNIDO: Recent Developments in the Machine Tool Industry: The Prospects for Foreign Direct Investment with Particular Reference to Asian Developing Countries, PPD. 53, 16 September 1987, p. 26.

□ will effectively act as a barrier against attracting FDI in a wide range of industries.

Moreover, in a wider perspective the support network for industrial investment should be seen not only in terms of the operational functions of manufacturing but also in terms of essential overall supporting functions for industry such as research & development, marketing, technological extension and productivity services, engineering and financial consultancy, government planning and administration.

Implications for Export Processing Zones

Our little "tour d'horizon" of recent trends in FDI flows to developing countries testifies to an increasing complexity with regard to major investment determinants. Key factors in steering what has become a thinner flow of FDI to developing countries are skill levels, market size,¹² the existence of an efficient industrial support network, the availability and quality of a variety of support services as well as advanced

telecommunication and information-processing facilities. Whereas previously a certain *physical* infrastructure (transport facilities, energy and water supply) was often sufficient to attract FDI, now a highly developed *human* and *technological* infrastructure would appear to be required. Low wages undoubtedly continue to be an asset, but no longer a panacea. The rules of the game have changed and in the late eighties "locational patterns primarily intended to reduce the costs of unskilled labour . . . are more the result of historical practices rather than of immediate concern".¹³ Manufacturing FDI flows to developing countries thus may be expected to keep concentrating on a handful of NICs which meet the requirements outlined above while the vast majority of Third World countries will be left high and dry.¹⁴

All this quite obviously augurs ill for the future role of EPZs. The whole rationale of their existence so far has been:

¹² Of course market size has always been a prominent investment incentive. The point emphasized here, however, is that even for export-oriented FDI the existence of a large domestic market has become important within a risk reduction strategy.

¹³ R. Ballance: International Industry and Business. Structural Change, Industrial Policy and Industrial Strategies, London 1987, p. 259.

¹⁴ Cf. on this assessment also R. M. Mohs: NICs: Can the Second Generation Succeed?, in: INTERECONOMICS, Vol. 20 (1985), No. 1.

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- the utilization of cheap low-skilled labor in
- simple (often only partial) production processes with
- output exclusively intended for export markets.

All these characteristic features are being gradually eroded now. Hence, unless EPZs are to become a largely anachronistic concept, their economic "mandate" will have to be broadened from providing a fenced-in area for customs duty free export production to performing a wider range of functions. In cases where the very existence of an EPZ is meant to be the major or even sole investment incentive they can easily be predicted to fail in attracting substantial amounts of FDI.

Hence, the 1980 UNIDO diagnosis of a dilemma situation still holds and, in fact, is even more valid now than it was 10 years ago: "The poorer the industrial infrastructure of the country and the greater the incentives for import substitution, the more necessary a zone may be to achieve any significant growth of manufactured exports at all. On the other hand, the more a zone is an enclave, atypical of the infrastructure and incentives available outside, the less successful the zone is likely to be in achieving wider economic benefits."¹⁵ In other words: what EPZs may be able to achieve, is to underline and reinforce a country's *given* attractiveness. In the past, many EPZs have proven to be a useful *additional* instrument to strengthen a country's overall export drive rather than a means to take a leap from domestic market orientation into manufacturing for the world market. This implies that in general the developmental impact of EPZs has tended to be overstated: where they have been successful, only a small portion of the attracted investment may be considered of an *additional* nature whereas they have often failed to reach their objectives when set up to *initiate* the attraction of foreign investment.

The Korean Case

The Republic of Korea has been a clear-cut case of the former type. While the country's EPZs have not been crucial to its export success they have contributed to it.

In Korea EPZs have been in operation for more than 15 years (Masan EPZ established 1971; Iri EPZ established 1974). They have often been referred to as "success stories", not only in terms of generating

employment and foreign exchange earnings but also in terms of generating backward linkages with the domestic economy. A brief review of their performance may thus be in order.¹⁶

In 1985, approximately 100 firms were operating in the two Korean EPZs representing a total amount of investment of \$ 140 million. While in the early 1970's, EPZ firms had accounted for more than one quarter of the country's FDI stock their share went gradually down to only 4 per cent in 1985. In the same year EPZ firms generated manufactured exports to the tune of \$ 890 million (3 per cent of total Korean manufacturing exports) and employment for 33,000 workers (1 per cent of the country's total manufacturing employment).

It is important to note that the Korean EPZs from the very beginning have been an integral element of an overall export-oriented industrialization strategy and a general industrial estates concept. In fact, they were established on the heels of an already successful export drive and were thus able to profit from a conducive overall economic policy environment. Together with the buoyant world market this explains a good deal of their success. Moreover, producers in the Korean EPZ could easily identify efficient local suppliers for input deliveries. As a result, indicators of domestic linkage creation have been conspicuously high compared to the dismal performance of most EPZs in other countries: the local content ratio, i.e. the combined share of wages, rents, services and domestically supplied raw materials in total production value, reached 50 per cent in 1985; in the same year the domestic raw materials ratio, i.e. the share of domestically supplied raw materials in total raw materials, stood at 34 per cent (figures for Masan EPZ only).

While these figures look impressive when taken at face value, an important caveat needs to be made: upon closer scrutiny it emerges that of all *non-imported* raw materials in fact only 40 per cent were provided by domestic firms proper whereas the remaining 60 per cent were the result of intra-EPZ transactions, i.e. deliveries from other EPZ-based firms. This obviously puts the much heralded linkage creation of Korean EPZ into a more realistic perspective; it shows that even in a conducive overall environment and as part of a well-designed policy the developmental impact of EPZs remains rather modest.

Need for Increased Flexibility

In general, it appears that developing countries would be well advised to act very cautiously when planning to establish new EPZs.

¹⁵ UNIDO: Export Processing Zones in Developing Countries, UNIDO/ICIS. 176, 18 August 1980, p. 39.

¹⁶ A detailed analysis is provided in D. Healey, W. Lütkenhorst: Export Processing Zones in Transition. The Case of the Republic of Korea, in: Industry and Development, No. 26 (in print).

□ Firstly, any new EPZ would need to be integrated into a country's overall industrial strategy. This is not to say that the particular export promotion policies adopted in the Republic of Korea may be considered suitable for every developing country. It is important, however, that countries seeking to emulate the (relative) success of the Korean EPZ should take into account the overall framework within which these have operated. All too often EPZs have been considered as though they operated in a vacuum.

□ Secondly, the trends reviewed above with regard to the scope, patterns and determinants of FDI flows will tend to make the successful operation of EPZs more difficult than in the past. This is compounded by the fact that the wave of newly established EPZs in the seventies has created global conditions of oversupply in what may be considered an international market for EPZ-type investment locations. The situation is one of fierce competition among already existing EPZs for obviously declining amounts of foreign investment. This explains – apart from domestic factors – why the performance of many second generation EPZs has fallen short of expectations.

□ Thirdly, the benefits which may nevertheless flow from the establishment of an EPZ have to be weighed against their costs, i.e. any government has to consider the opportunity cost of allocating resources to the setting-up and maintenance of the zone as compared to other possible uses to which the resources might have been put in the economy. This entails such difficult issues as estimating revenue foregone by the government through various types of investment incentives. Even beyond these calculations, two further questions remain: Would generalized incentives to attract foreign investment be able to lead to an equal (or greater) inflow of capital? Would different economic policy measures (such as a devaluation) induce greater exports than any EPZ was likely to produce?

For those countries already operating EPZs the essential tasks would be to continuously monitor their performance and review their functions and objectives with a view to responding to challenges emerging both from structural changes in the domestic economy and from new trends in the international economic environment, including the changing demands of foreign investors vis-à-vis potential investment

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The debt crisis of the developing countries is among the most discussed problems of the world economy. Exogenous shocks and mistaken economic policies are generally named as the causes of the crisis. From an historical perspective, however, periods of debt servicing problems are the rule. It is thus too narrow a view to interpret debt problems solely as a consequence of exogenous shocks and mistaken economic policies. This study examines the question in how far calculated behaviour by decision-makers in developing countries must be included in attempts to explain debt problems, in order to be able to explain their permanence.

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locations. For example, attempts to attract technologically more sophisticated lines of production may necessitate a prior upgradation of an EPZ's infrastructural facilities as well as the availability of highly specialized industrial services. In the past, a number of EPZs have moved away from the rigid initial concept of being designed to host exclusively foreign investment producing goods exclusively for export markets. More flexible regulations have been adopted in many cases and this process may be expected to continue in the future. Specific elements of this process have been:

- the permission for EPZ companies to sell part of their output to the domestic market. While this applies to many EPZs now (including those in the Republic of Korea), the Mexican in-bond industries (maquiladora industries) are a particularly interesting case in point.¹⁷ Within a system of conditionality up to 20 per cent of output may be sold locally if certain local content requirements are met, net foreign exchange earnings remain positive (after deduction of the foreign exchange cost of local sales) and technical assistance is provided to local suppliers;
- the possibility for specific companies to locate outside an EPZ while taking advantage of EPZ regulations and administration. This has been the case e.g. in Sri Lanka with regard to some companies processing domestically available raw materials (rubber) where proximity to the supply sources has been considered essential for either economic or technical reasons;
- the admission of domestic investors into an EPZ, either on a joint venture basis or even in the form of 100 per cent domestically owned enterprises. The latter option, e.g., was opened to Korean nationals in 1980;
- the establishment of subcontracting arrangements between EPZ companies and domestic companies.

These tendencies towards a higher flexibility in managing EPZs may contribute to enhancing their resilience and, by increasing the degree of their interactions with the whole economy, may also facilitate

their gradual transformation in response to changing economic conditions, if and when required.

Conversion into Science Parks

An alternative option – albeit only for a very small number of advanced developing countries – would be to investigate whether already existing EPZs (in particular if they have reached a certain saturation stage)¹⁸ can be converted into or serve as a nucleus of more dynamic high-tech oriented zones or science parks.

The number of science parks so far established in developing countries is extremely small. The most prominent example is the Hsinchu Science-Based Industrial Park in Taiwan¹⁹ which testifies to the possibility of rapid progress in a realistic planning framework. Founded only in 1980, the Hsinchu Park has attracted 73 research-based companies (some 40 per cent locally owned), predominantly from the electronics industry. In 1987 these companies generated a total production value of approximately \$ 700 million (which was close to the Masan EPZ production value of \$ 810 million in 1985). The main objectives in establishing the Hsinchu Park were to speed up industrial restructuring towards more knowledge-intensive production in view of the declining role of traditional EPZs, to create proper jobs for highly skilled local workers and to promote domestic entrepreneurship. The Hsinchu Park occupies a total area of 2,000 hectares of which approximately 10 per cent have been designated duty-free; this limited area of 200 hectares may thus be considered a true science-based EPZ.

At the same time, Taiwan is undertaking determined efforts to upgrade its existing “traditional” EPZ. Companies planning to introduce higher level technology and automation may qualify for preferential loans from government-owned banks. Furthermore, a new EPZ law is being drafted permitting sales to the domestic market of up to 50 per cent of output.²⁰

It appears that just as comparative cost advantages need to be seen in a dynamic perspective, so EPZs will only be able to make a positive development contribution if they prove their resilience and adaptability to changing demands emanating from their overall economic environment. They have the potential to be turned into a “mechanism of the future”; if, however, this potential is not exploited they may soon become “a relic of the past”.²¹

¹⁷ Cf. K. Kwasny: Summary of Lectures on Export Processing Free Zones, Regional Workshop on Special Economic Zones, 7-18 November 1983, Shenzhen, China (mimeo), p. 15.

¹⁸ On the life cycle concept of EPZs cf. A. Basile, D. Germidis: Investing in Free Export Processing Zones, OECD Development Centre Studies, Paris, 1984, pp. 60-61.

¹⁹ Cf. Far Eastern Economic Review, 22 January 1988; and Asian Finance, 15 September 1983.

²⁰ Cf. The Journal of Commerce, 9 November 1987.

²¹ L. B. Krause: Introduction, in: W. Galenson (ed.): Foreign Trade and Investment. Economic Development in the Newly Industrializing Asian Countries, Madison 1985, p. 22.