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Axel Borrmann and Rolf Jungnickel*

Foreign Investment as a Factor in Asian Pacific Integration

The Asian Pacific countries do not only show unparalleled growth dynamics, they are also in the process of growing ever closer together. There is already talk of the creation of a new economic bloc. The following article analyses private direct investment in the Asian Pacific area, an element in the economic integration of the region which has been paid little attention until now.

For many years now, the Asian Pacific region has attracted worldwide attention on account of its unprecedented dynamic economic development. This growth is in no way due solely to Japan; China, the four newly industrialising economies (NIEs) and a number of developing countries following in their wake also contribute to the dynamism of the region. The breadth of the product range and the vertical integration of manufacturing activities are both increasing perceptibly. The NIEs are already moving into more capital-intensive, high-technology areas of production requiring a higher level of skills. The common opinion among professional observers is that the region should remain the fastest growing part of the world economy.¹

Economic Dynamism of the Asian Pacific

The main factor behind the economic dynamism of the Far East is the growing integration into the world market, which has helped the region double its share of world trade to over 20% in the space of two decades. Raw materials are no longer the region's main export; finished products now predominate.

The Asian Pacific region's foreign trade is still strongly oriented towards western industrial countries. However,

regional integration is increasing, intra-regional trade is now the largest component of total trade: at around 40% it is significantly higher than the shares of exports going to the USA (28%) or the EC (16%).

Growing trade integration has affected individual countries differently. In 1990, 69% of total intra-regional exports came from the NIEs (38%) and Japan (31%), with around one-third solely in bilateral trade among themselves. The most rapid growth was in trade between mainland China and Hong Kong. Exports from ASEAN countries to the region account for 16% of intra-regional trade; however, trade among themselves is still lagging far behind expectations.

There are many forces responsible for the gradual coming-together of the AP region. These include pressure from private business for increased economic contact with neighbouring countries (especially from the Chinese community, which is strongly represented in almost all of the countries) and the fundamental change in national economic policies. Many countries in the region have decided to significantly relax, if not abandon, their import substitution strategy and their consequent technical and economic isolation and to liberalise their foreign trade, at least on a selective basis. The ASEAN countries are following the example of South Korea and Taiwan, and the

Both Hamburg Institute for Economic Research (HWWA), Hamburg, Germany. This article is based on a study completed in November 1991 for the Federal Ministry of Economic Affairs. The study has now been published in German and is available on request from the authors: Axel Borrmann and Rolf Jungnickel: *Auslandsinvestitionen im asiatisch-pazifischen Integrationsprozess*, HWWA-Report No. 102, Hamburg 1992.

¹ Cf. OECD: *Long-Term Prospects for the World Economy*, Paris 1992; World Bank: *Global Economic Prospects and the Developing Countries* 1992, Washington 1992.

reforms in China are gathering as much pace as those in other former socialist countries in the region. Combined with the traditional liberalism and economic openness of Hong Kong and Singapore and Japan's systematic refocussing on its own region, this means that greatly improved conditions for an expansion and intensification of intra-regional specialisation were created in the eighties, even without a common integration policy being pursued. The only significant attempt at such a policy, the ASEAN, has not proved particularly successful so far.

The main players in this de facto process of integration are firms, with their investment, production, sourcing and sales decisions. Foreign investors in particular can be expected to play a significant part, as they have the greatest influence on international flows of trade, capital and know-how. Their role in the integration of the Asian Pacific region is the subject of this article. Attention will focus on the repercussions on trade flows, an aspect that has received relatively little consideration up to now, which is all the more surprising as the scale and composition of foreign investment in the AP region changed dramatically during the eighties.

Booming Inward Direct Investment

The trend towards liberalisation in individual AP countries created conditions conducive to economic growth and thus to a rapidly growing commitment by foreign investors. Here, a distinction must be made between Japan and the other AP countries (NIEs, China, the four large ASEAN countries):

□ Japan's importance as a host country for foreign direct investment (FDI) remains marginal compared with her position in the world economy. According to IMF statistics on FDI inflows, in some years (1988/89, for example) there has even been net foreign disinvestment from Japan.

□ By contrast, the developing countries in the region have even been able to improve their position relative to industrialised countries. Their share of global FDI inflows increased from 7.7% in 1980-84 to 8% in 1985-90, reaching as much as 8.4% in 1989/90. This contrasts sharply with the decline in the share of African and Latin American developing countries over the same period (Table 1).²

Direct investment in the AP region was traditionally dominated by Japanese and other involvement³ aimed at

securing raw materials and protected markets. Over time a number of export-oriented plants producing simple, labour-intensive goods have been set up to take advantage of low wages, especially in the NIEs and China. These investments have centred mainly on Hong Kong and Singapore, as well as Indonesia, rich in raw materials, and China, which is a cheap manufacturing base. Since the mid-eighties a regional and functional change has been evident:

- the regional diversification of FDI has increased;
- FDI originates increasingly within the region itself;

Table 1
Developing Countries in World Foreign Direct Investment

(FDI Inflows in % of World FDI)

Year	Developing countries Asia-Pacific	Others	Industrial countries
1984	8.5	19.5	72.0
1985	11.4	13.6	75.0
1986	7.8	7.9	84.3
1987	8.0	3.7	88.3
1988	8.1	6.5	85.4
1989	7.6	7.0	85.4
1990	11.3	5.3	83.4

Source: International Monetary Fund: Balance of Payments Statistics 1991, Washington 1992.

Table 2
Regional Diversification of Inward FDI in the Asian Pacific Region

(percentages¹)

Host Countries	1986	1987	1988	1989	1990
NIEs	49	55	49	47	41
Hong Kong ²	7	1	4	3	-0
Singapore	29	34	29	27	28
Taiwan	6	12	10	12	9
Korea	7	7	7	5	4
ASEAN (4)	19	18	26	30	39
Indonesia	4	5	5	4	6
Malaysia	8	5	6	11	17
Thailand	4	4	9	12	14
Philippines	2	4	7	4	3
China	32	28	25	22	20
AP region %	100	100	100	100	100
US \$ bn	5.9	8.3	12.8	15.4	17.4

¹ In view of wide differences in national statistical methods, the figures should be regarded as approximations. ² Secondary sector only. Calculated from OECD data as the annual difference between stock figures.

Sources: IMF: Balance of Payments Statistics; OECD: Long-Term Prospects for the World Economy, Paris 1992.

² In 1990/91, however, Latin American locations were able to catch up again; see OECD: Foreign Direct Investment Flows: Recent Developments and Prospects, in: Financial Market Trends, Paris 1992.

³ Especially US direct investment in Indonesia, Hong Kong and Singapore and Hong Kong's involvement in China (see below).

- ☐ new investors are emerging from NIEs;
- ☐ the objectives of FDI have changed.

The four NIEs probably still host a larger stock of inward FDI than developing Asian Pacific countries, although quantitative comparisons are difficult owing to marked differences in national statistical methods. However, according to IMF statistics, the large ASEAN countries have probably moved into the forefront in recent years (Table 2), especially Thailand and Malaysia (although neither could avoid a setback in 1991) and more recently Indonesia. On the other hand, China's share has declined, at least until 1990. The opening-up of Vietnam brings the prospect of a further diversification; by May 1992, FDI projects worth around US\$ 3 billion in that country had already been approved.⁴

"Asianisation" of FDI

This development is being fuelled mainly by a "new wave" of intra-regional investment. Investors from the AP region already account for the majority of direct investment in China and the large ASEAN countries (Fig. 1). Asianisation has reached at least 65% in these countries, and 75% or more in Indonesia and Malaysia.

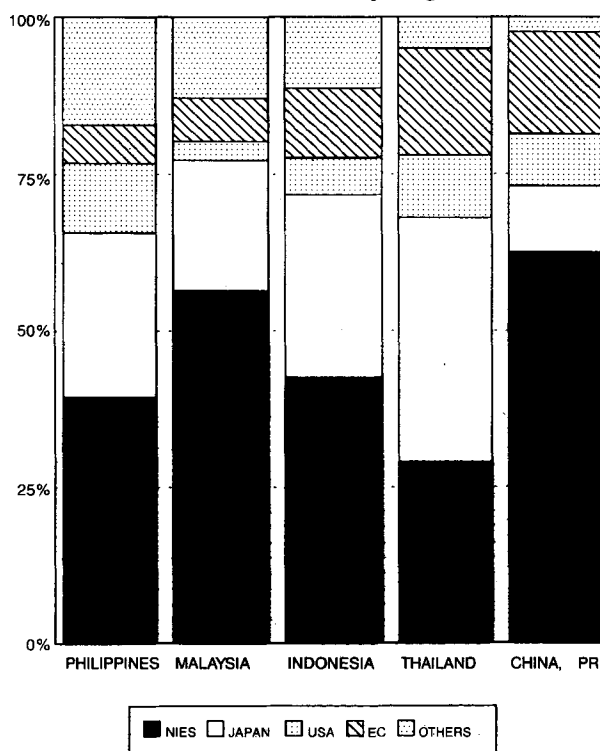
Traditionally, intra-regional direct investment was primarily carried out by Japanese investors, and was thus a very one-sided aspect of integration. This has continued to be the case in recent years, as a fresh surge of Japanese FDI has flooded into developing Asian countries, growing at more than twice the rate of US and British direct investment in the region although more slowly than total Japanese DI. However, the relative weight of Japanese DI in the Asian Pacific region has often declined in recent years, for the NIEs and even China are emerging as important investors:

☐ *Hong Kong* is considered the second most important home country of multinational enterprises in the region, after Japan. The stock of outward FDI is estimated at over US\$ 20 billion. The foreign companies owned by what is still a British colony employ upwards of 3 million people, twice as many as in Hong Kong itself. Hong Kong can

therefore be regarded as extremely multinationalised.⁵ The bulk of direct investment is concentrated in the neighbouring Guangdong province of mainland China, where nearly 3 million people are engaged in producing mainly simple consumer goods, in the manufacture and marketing of which Hong Kong firms have gained competitive advantages that they can no longer exploit in Hong Kong owing to increased costs. Strong positions have also been built up in Indonesia, Thailand and Malaysia. In Vietnam, Hong Kong is now the second largest investor after Taiwan.

☐ *Taiwan* showed the greatest growth in outward direct investment in the late eighties, with a peak of US\$ 7 billion in 1989.⁶ Taiwan's stock of outward FDI may now almost equal Hong Kong's. Taiwanese investors have established a strong market position in Malaysia and are doing the same in Thailand. A large proportion, estimated at US\$ 2 billion,⁷ is invested in mainland China, channelled via Hong Kong for political reasons. The fastest growing destination is Vietnam, now opening up as a new low-wage location.

Figure 1
Regional Structure of FDI
in Asian Pacific Countries by Origin, 1989/90



⁴ Cf. Vietnam Opening, in: Far Eastern Economic Review of 28th May 1992.

⁵ This probably remains true even after taking account of the fact that an unknown share of FDI is indirect investment by third countries in mainland China.

⁶ The decline recorded in 1990/91 is generally seen as a return to a "normal level" of over US\$ 2 billion a year (Far Eastern Economic Review of 9th April 1992).

⁷ Cf. Far Eastern Economic Review of 9th April 1992. Recently there has been talk of a veritable "mainland fever"; see Business Week of 10th August 1992.

Indonesia: average volume 1989/91; China: EC including some non EC-investments.

Source: National Statistics of Host Countries.

□ Up to now, companies from Korea and Singapore have taken on far fewer foreign commitments. However, after the 1987 liberalisation, Korean direct investment increased substantially, totalling well over US\$ 3 billion at the end of 1991. Whereas the bulk is in North America, a major involvement has been built up in Indonesia. Korean investment in the Chinese coastal region around Tianjin is growing rapidly. The latest project is the development of an industrial park by Korean enterprises.⁸ Singapore's outward direct investment, at something over US\$ 5 billion in 1989, is still relatively low. It is concentrated in Malaysia, Thailand and Hong Kong.

The NIEs are therefore a driving force in the expansion of intra-regional direct investment. As a group, not only have they overtaken European and American investors in the large ASEAN countries and China, they have even pushed Japan into second place except as regards new investment in Thailand in 1989, 1990 and 1991 (Fig. 1). The leading regional investors are Hong Kong, which alone is the conduit for around 60% of all direct investment in China, and Taiwan, which is the largest investor in Malaysia. By contrast, the volume of direct investment by NIEs in other NIEs has remained remarkably low up to now.

The strength of the NIEs' intra-regional direct investment, i. e. their FDI in the four major ASEAN countries and China, is due to several factors. For one thing, investors from the NIEs have much that is in demand in developing countries:

- experience in the use of middle-ranging technologies;
- the ability to spot new demand trends and technical developments quickly, either as a result of their own expertise or with the help of western trading partners;
- knowledge of international sources of supply and marketing possibilities.

In addition, thanks to their own experience, they can be better than competing investors from industrial countries when it comes to organising production in the conditions prevailing in developing countries (small production runs,

inadequate infrastructure, low staff qualifications, unfamiliar style of working, more frequent stoppages). Last but not least, cultural, ethnic and family ties within the Chinese community in the AP region (the "Chinese connection") are an important factor for the three Chinese NIEs, in that they help reduce the "foreignness" of "foreign" direct investment.⁹

FDI as a Factor in Integration

It is not only in quantitative terms that the "new wave" of FDI is contributing to the intensification of economic relations within the AP region; the qualitative changes it is producing are probably even more significant from the point of view of intra-regional specialisation. FDI in the AP area is now less directed towards securing supplies of raw materials and is less targeted on local markets than in the past. It should now be seen more as a consequence of and a factor in the structural change occurring in Japan and the NIEs. Currency appreciation and the rapid rise in costs, especially labour costs, in the home countries have been the key trigger for such strategies. What can no longer be produced profitably in one country is transferred to "cheaper" countries by means of direct investment.

It is extremely difficult to demonstrate and quantify the trade effects of FDI, given the unsatisfactory state of the statistics, but a number of indicators suggest the effects have been positive. One piece of evidence is the fact that the export ratios of foreign companies in many countries of the region are above-average and still rising.¹⁰ For example, in Indonesia the proportion of direct investment projects that committed themselves to an export ratio of at least 65% almost doubled between 1986 and 1988, rising from 38% of the projects to 72%.¹¹ According to the •Japanese MITI, in Thailand the average export ratio of (new) Japanese investment projects has risen steeply to 80%, compared with only 10% in the seventies, when import substitution had been the dominant strategy. This lead on the export front is matched by above-average import ratios.¹²

The substantial contribution Japanese affiliates in the AP region have made to intensifying intra-regional specialisation emerges particularly forcefully from an MITI survey of sourcing and sales according to region (Table 3). This shows that by the end of the eighties Japanese trading and manufacturing subsidiaries as a whole had developed strong intra-regional integration, particularly on the sourcing side, with more than half of their total purchases often coming from within the region. Although a large proportion of purchases were from the home country Japan (about 40%), it is remarkable that in some industries subsidiaries in the various other

⁸ Cf. Far Eastern Economic Review of 9th April 1992 and The Financial Times of 21st July 1992.

⁹ In fact, it is often hard to distinguish the home and host countries of Chinese FDI, since "many Asian family businesses are now really Pacific-rim ones: the patriarch lives in Hong Kong or Taipei; some of the factories are in Malaysia or Thailand; but the research and development, the marketing and (often) the brightest children are in California, Seattle or Vancouver" (The Economist, 14th September 1991).

¹⁰ Cf. H. Hill: Foreign Investment and East Asian Economic Development, in: Asian-Pacific Literature, No. 2, 1990, p. 35.

¹¹ Cf. UNIDO: Industry and Development, Global Report 1990/91, Vienna 1990, p. 81.

¹² Cf. H. Hill, op. cit., p. 35.

countries of the region are integrated to a considerable extent in the intra-group division of labour and specialisation. This is shown in Table 3 for trading companies in the NIEs and electronics companies in ASEAN countries which receive 27% and 24%, respectively, of their inputs from affiliated firms in the region.

Surveys of the motives for Japanese direct investment in the AP region reveal differences between the NIEs and the four major ASEAN countries:

□ In the NIEs, investment geared towards the internal market is gaining in importance. At the same time, an increasingly balanced division of labour with the parent companies in Japan is developing. This goes beyond the performance of individual labour-intensive processes in the NIEs and is associated with the exchange of higher-value products.

□ In the large ASEAN countries, by contrast, the emphasis is on exploiting low wage costs. Deliveries of supplies from Japan are often being replaced by shipments from the NIEs. To a large extent, new investment is a constituent of a policy of intra-group cross-border specialisation.

A large proportion of the business integration often consists of intra-company transactions, especially on the procurement side.¹³ In the electronics industry, for example, three-quarters of the purchases from Japan are from affiliated companies, and the same is true of two-

thirds of purchases from other AP countries. Group member companies specialise in particular products or processes and complement one another. The potential for the division of labour grows with increasing internationalisation. Thus, as a consequence of the rapid expansion of Japanese direct investment in the AP region since 1988, the trend towards greater integration has also intensified significantly. This is evident from the growing importance of intra-industry trade within the region which according to studies by Ariff and Chye,¹⁴ is due largely to increasing division of labour within multinational companies. Intra-industry trade – if modest in volume – accounted for 96% of intra-ASEAN trade in 1989; between 1970 and 1989 the share rose from 29 to around 60% in trade between ASEAN countries and the NIEs and from 3 to 22% between ASEAN countries and Japan.

Production Networks

As demonstrated above, the model of Japanese foreign involvement now goes beyond purely bilateral relations between the home and host countries. In Asia, as in America and Europe, regional production networks are emerging, often as part of multinational companies' global production and sales strategies.¹⁵

The direct investment whereby such networks are developed serves several strategic corporate objectives. On the production side it is aimed at exploiting local cost advantages in component and final manufacture and at developing cost-optimal integration with input suppliers, both from within and without the region and preferably from within the same group. On the sales side, companies seek above all to gain improved access to local and regional markets (circumvention of protectionist measures) and strategic advantages in marketing the products of the entire group.

Table 3
Regional Sourcing and Sales Structure of Japanese Affiliates in Asia, Selected Sectors, 1988
(in %)

	FDI in NIEs				FDI in ASEAN			
	Trade Sales	Sourcing	Electronics Sales	Sourcing	Trade Sales	Sourcing	Electronics Sales	Sourcing
Local	46	35	45	46	78	40	32	33
Japan	22	35	21	46	5	43	13	40
Third Countries	32	30	34	8	17	17	55	27
of which:								
Asia	43	89	45	97	13	97	48	89
North America	37	2	35	1	86	0	30	7
Europe	6	2	11	2	1	0	17	4
other	14	7	9	0	0	3	5	0

Source: MITI: Overseas Activities of National Firms, No. 18 - 19, Tokyo 1990.

According to UNIDO studies,¹⁶ in Asia such network strategies are to be found mainly in the electrical and electronics industry (computers, telecommunications, copiers, video recorders, and so forth). Car manufacture and machine tools are also mentioned, as are chemicals and the textile industry. Conditions are particularly favourable in the electronics industry, given the high degree of international standardisation and the good possibilities for splitting up production processes. In recent years this industry has undergone far-reaching structural change, which has entailed the exploitation and optimisation of locational production cost advantages worldwide. This has led to the development of many new production facilities, especially in the AP region, which are now important component supply bases for the companies. Production networks are being created by US and European investors such as Seagate and Thomson as well as Japanese companies. The example of Matsushita shows how pronounced the regional diversification of component manufacture and supply has become (Fig. 2).

The NIEs, in their characteristic "flying geese" formation,¹⁷ appear to be following the example of Japanese and other multinational enterprises in developing production systems based on the division of labour in the AP region.¹⁸

For example, trade between Hong Kong and the People's Republic of China is being strongly influenced by the massive transfer of production to the Chinese special economic zones; exports to Hong Kong account for a rapidly rising proportion of China's foreign trade (over 25% in 1988),¹⁹ and the re-export of these goods has recently been the most dynamic element in Hong Kong's exports.

Taiwanese subsidiaries in AP countries also purchase the bulk of their intermediate inputs from their parent company. Direct investment does not impose a constraint on Taiwanese exports to host countries;²⁰ it has helped produce the highest rate of growth in exports to this region, i. e. ASEAN and China.

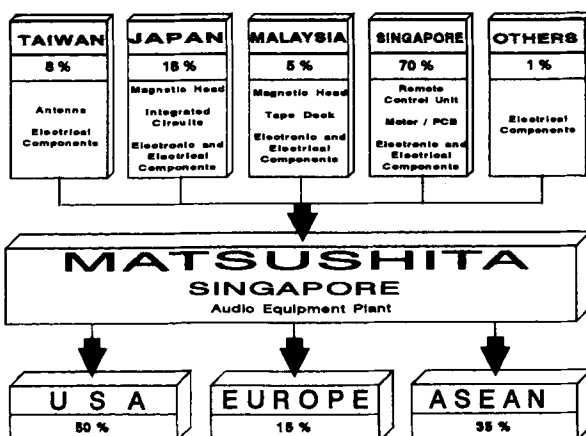
The latter aspect – the transfer of production mainly on cost grounds as a means of export promotion – certainly does not apply universally as far as exports of finished goods are concerned, but neither is it an exception. For example, the management of Sony emphasises that cost-motivated direct investment in ASEAN countries is also regarded as preparation for entering the expanding regional market.²¹

Long-term Commitment

Another qualitative change in FDI in the AP region has occurred in addition to the networking of production sites and the combination of cost and sales aspects, namely the growing interest of foreign investors in a lasting commitment to the region. Studies in the electronics industry, which in many respects has become a trendsetter as far as foreign direct investment is concerned, show that interest in the region is no longer motivated solely by the search for ever new low-wage locations. Multinational companies in the electronics industry, which was long decried as "footloose", are clearly seeking a more lasting involvement in the region: "The image of electronics as a footloose industry, with TNCs shifting from site to site to maximise factor endowments, is becoming less and less appropriate."²²

This is demonstrated by the fact that locations such as Singapore and Taiwan, which have now lost their advantage as low-cost countries, have not suffered net disinvestment. It is true that companies are shifting from NIEs to cheaper sites in the ASEAN countries, but once a company has invested in increasingly costly plant and equipment and in human resources, there are considerable barriers to exit. Sites are not simply abandoned if costs rise, particularly if companies have an alternative to a further shift in production in the shape of

Figure 2
Procurement and Sales Structure
Matsushita, Singapore



Source: Straits Times, 7 February 1990.

¹⁷ Cf. C. Kikutani: Dynamic Development, in: Journal of Japanese Trade and Development, No. 6, 1989.

¹⁸ Cf. UNIDO, op. cit.

¹⁹ Cf. J. Riedel: Intra-Asian Trade and Foreign Direct Investment, in: Asian Development Review, Vol. 9, No. 1, pp. 111-146.

²⁰ Cf. Wen-Jeng Kuo et al.: The Impacts of Outward Direct Investment on Taiwanese Economic Development – an ASEAN Regional Survey, Chung-Hua Institution for Economic Research, Taipei 1991.

²¹ Cf. Ian Chalmers: The Political Economy of the Electronics Industry in ASEAN, in: ASEAN Economic Bulletin, Vol. 8 (1991), No. 2, p. 201.

²² Ibid., p. 204.

increased automation.²³ They are now making use of this option even in low-wage locations, as demonstrated by the example of semi-conductor production by Texas Instruments in ASEAN countries, which is achieved now with only half of the workforce of the seventies. Sony, with its highly mechanised manufacture of PC disk drives in Penang, is another example. As with many other products, enhanced quality requirements are also a case for automation, since they cannot be met simply by employing more staff.

More technology-intensive and capital-intensive production methods and marketing advantages have greatly reduced the relative importance of the cost of unskilled labour and hence the attractiveness of low-wage locations. According to one electronics manufacturer, wage costs now often make up only 5-10% of total costs. One may take a sceptical view of this, and of the statement from a company spokesman that "I wouldn't be terribly worried if wages doubled, or even tripled! In this industry, managerial capacity and manpower productivity are now the two most important considerations",²⁴ but the trend towards more technology-intensive and capital-intensive production is unmistakable.

This structural change is reflected particularly clearly in the development of Singapore. For many of the production networks described above, Singapore has become the base for more technologically-demanding manufacturing processes, and for product modification, design and testing; there are even signs that development work is being transferred to Singapore.

Together with Hong Kong, Singapore has also developed into a regional headquarters for central services such as finance, transportation and marketing.

All of this underlines the fact that multinational corporations are establishing themselves permanently in the AP region, attracted by the increasingly liberal business climate and by the size, dynamism and excellent growth prospects of the market.

Conclusions

The heavy investment by foreign companies in the Asian Pacific region, the development of regional production networks with strong intra-regional interdependence as regards inputs and sales and the transition to long-term corporate strategies show that regional integration is occurring increasingly in factor markets as well as product markets, with reciprocal effects between the two. By leading to a diversification of host and source countries, FDI is also helping to overcome the one-sided economic reliance on Japan, thus leading to more balanced economic linkages.

The rapid growth in direct investment in the Asian Pacific region and the structural changes it has undergone may open up new horizons for companies that were hitherto unrepresented or active in only one country in the region. Firstly, the emergence of new foreign investors (especially from the NIEs and Japan) increases competition and hence the pressure for rapid own investment in the region. Local producers enjoy a competitive advantage over mere importers. Without a permanent presence via FDI, companies can neither hold onto existing markets nor develop new ones. Secondly, the increasingly free trade within the region opens up the possibility of optimising locations from the points of view of costs and sales. This too increases the attractiveness of the region as a whole.

In view of these micro-economic conclusions, the business associations and politicians of the home countries of potential new investors should pay greater attention to the AP region in order to assist investors in developing a presence. This is particularly true of the European countries. The diversification of regional direct investment in the late eighties suggests that the position of existing companies from other countries is less secure than is often assumed. At the very least, there is no obstacle in principle to other companies and countries making up ground if they get involved in the region via FDI.

As regards the national economic policy of countries in the Asian Pacific region (and other regions in the Third World), it can be seen that, given successful macro-economic policy, political stability and liberalised FDI conditions, foreign direct investment can lead to permanent integration, which boosts overall development.²⁵ Increasing direct investment and its integration effects in the region appear to be primarily the result of business decisions and not, at least so far, the result of formal integration. As the example of ASEAN shows, the new corporate strategies exert a thoroughly "beneficial" pressure on host countries to dismantle barriers to investment. Accordingly, foreign direct investment is more than just an "industrial linkage creator";²⁶ it also stimulates regional integration policy, thereby making a dual contribution to economic co-operation in the region.

²³ Cf. Rolf Jungnickel: *Neue Technologien und Produktionsverlagerung*, Hamburg 1990.

²⁴ Cf. Ian Chalmers, *op. cit.*, p. 204. In this connection, it is worth recalling a similar (mis)calculation of wage costs by the US electronics firm Zenith, which a few years later was able to survive as a producer of consumer electronics only by making a massive shift to low-wage sites in Mexico; better late than never; cf. Rolf Jungnickel, *op. cit.*

²⁵ Cf. F. A. Albuero et al.: *Pacific Direct Investment Flows into ASEAN*, in: *ASEAN Economic Bulletin*, Vol. 8, March 1992.

²⁶ UNIDO, *op. cit.*