

Market-Seeking

Investments which aim at either penetrating new markets or keeping existing ones.

12-4.3.3. Efficiency-Seeking: Investments which firms hope will increase their efficiency by maximizing the benefits.

12-4.3.4. Strategic-Asset-Seeking: It is a tactical investment to stop the loss of resource to a competitor. Easily compared to that of the oil producers, whom may not need the oil at present, but look to stop their competitors from having it.

Questions:

Give the definition of Investment?

Give definition of Foreign direct investment (FDI)?

List types of FDI by direction?

List types of FDI by Target ?

List types of FDI by Motive ?

Translate the following paragraph:-

FDI

Economists prefer the free flow of capital across national borders because it allows capital to seek out the highest rate of return. Unrestricted capital flows may also offer several other advantages. First, international flows of capital reduce the risk faced by owners of capital by allowing them to expand their lending and investment. Second, the global integration of capital markets can share to the spread of best practices in corporate governance, accounting rules, and legal traditions. Third, the global movement of capital limits the ability of governments to follow bad policies.

The gains to host countries from FDI can take several other forms:

FDI allows the transfer of technology that cannot be achieved through financial investments or trade in goods and services.

FDI can also support competition in the domestic input market.

FDI often helps employee to training in the course of operating the new businesses

Profits generated by FDI share to corporate tax revenues in the host country.