



International Investment. Chapt.1. Introduction

Ng.Thi Kim Anh (Ph.D) – Faculty of International Business and Economics



Instructor's information

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Course's General Information

LOGO

- **Course: International Investment**
(Focusing on Foreign Direct Investment- FDI)
- **Major Requirement course**
- **Number of credits: 2**
- **Credit hours: 30**
- **Prerequisite: International Economics**

Introduction

- ❖ Why study international investment?
- ❖ What international investment about?
- ❖ Structure of the course?



Nguồn: kinhte24h.com

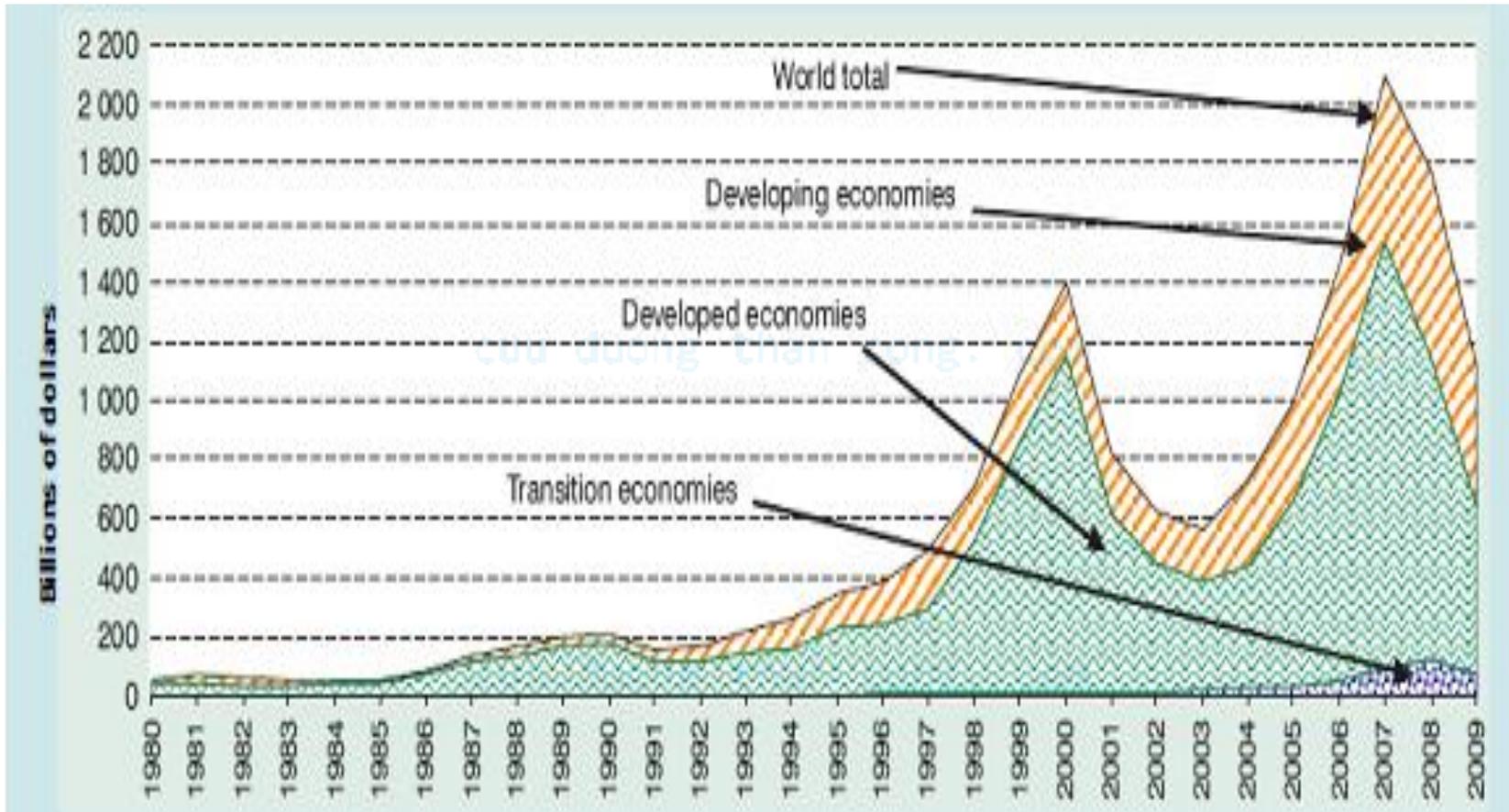
Opening case: Machinery Auto Part Company (MAP)

To identify:

- Why and how MAP was established?
- MAP's performance
- MAP's business impacts on Vietnam economic and social development?

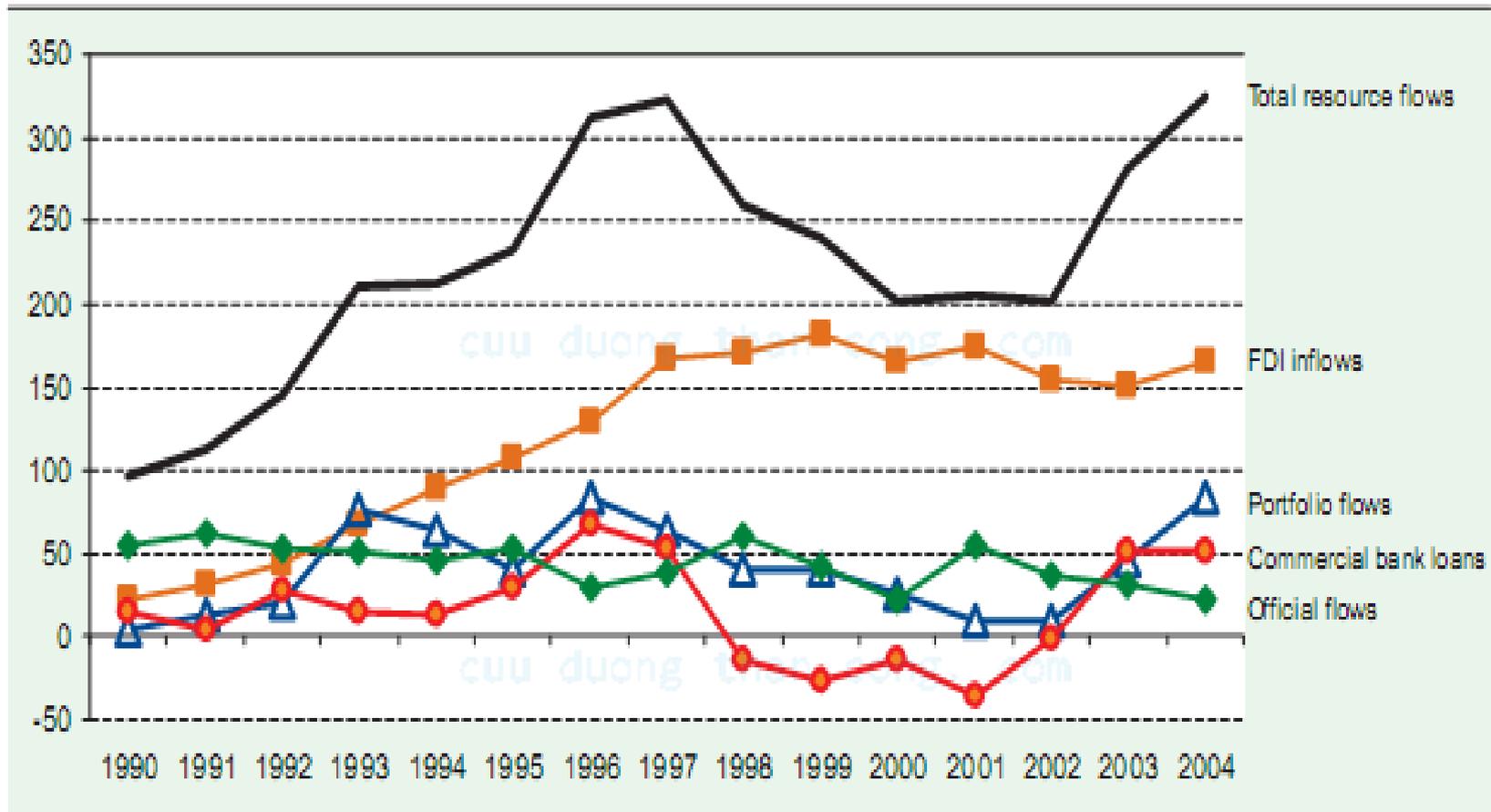
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Global FDI inflow, 1990-2009



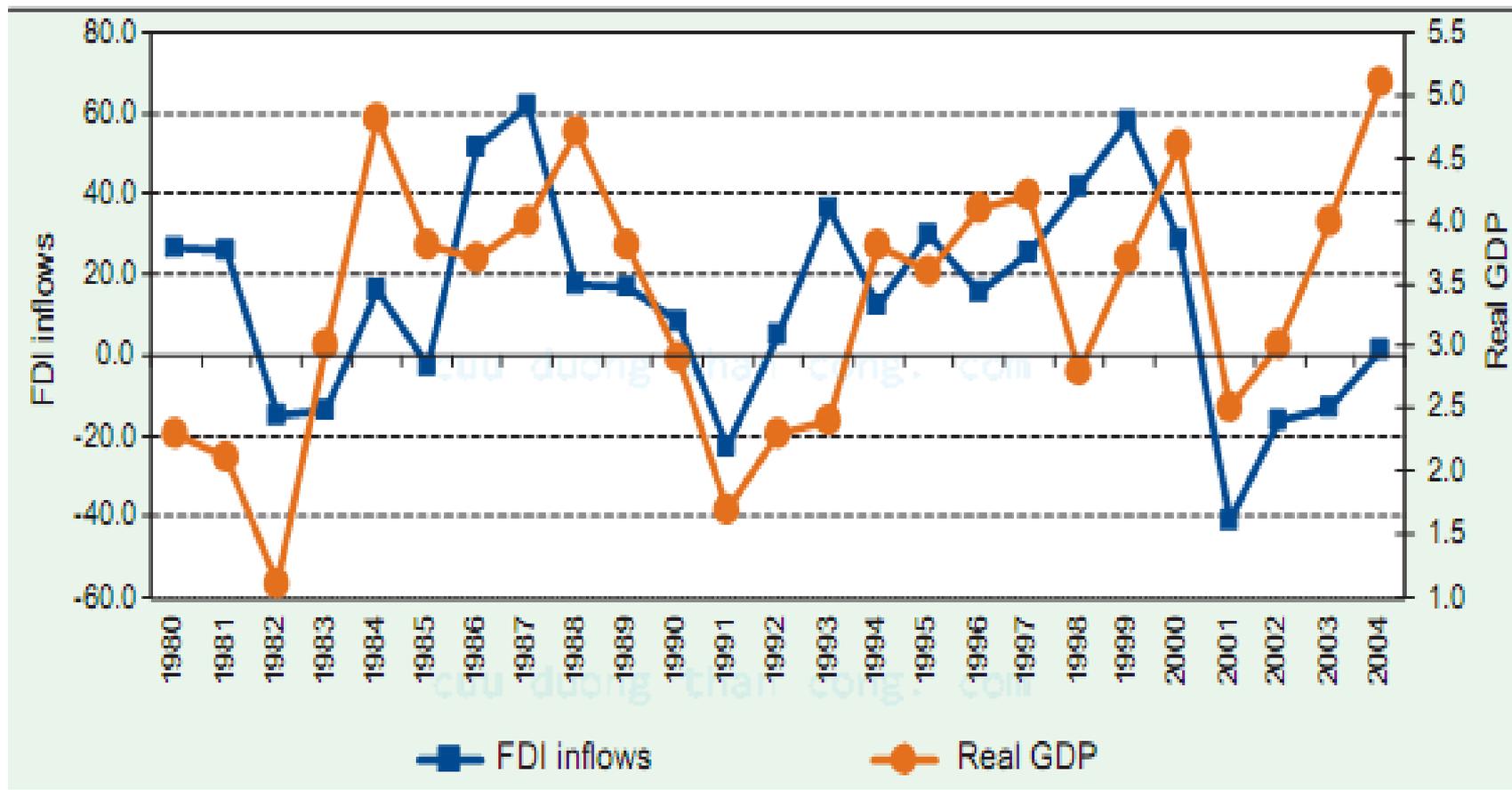
Source: UNCTAD, World Investment Report 2010

II to developing countries



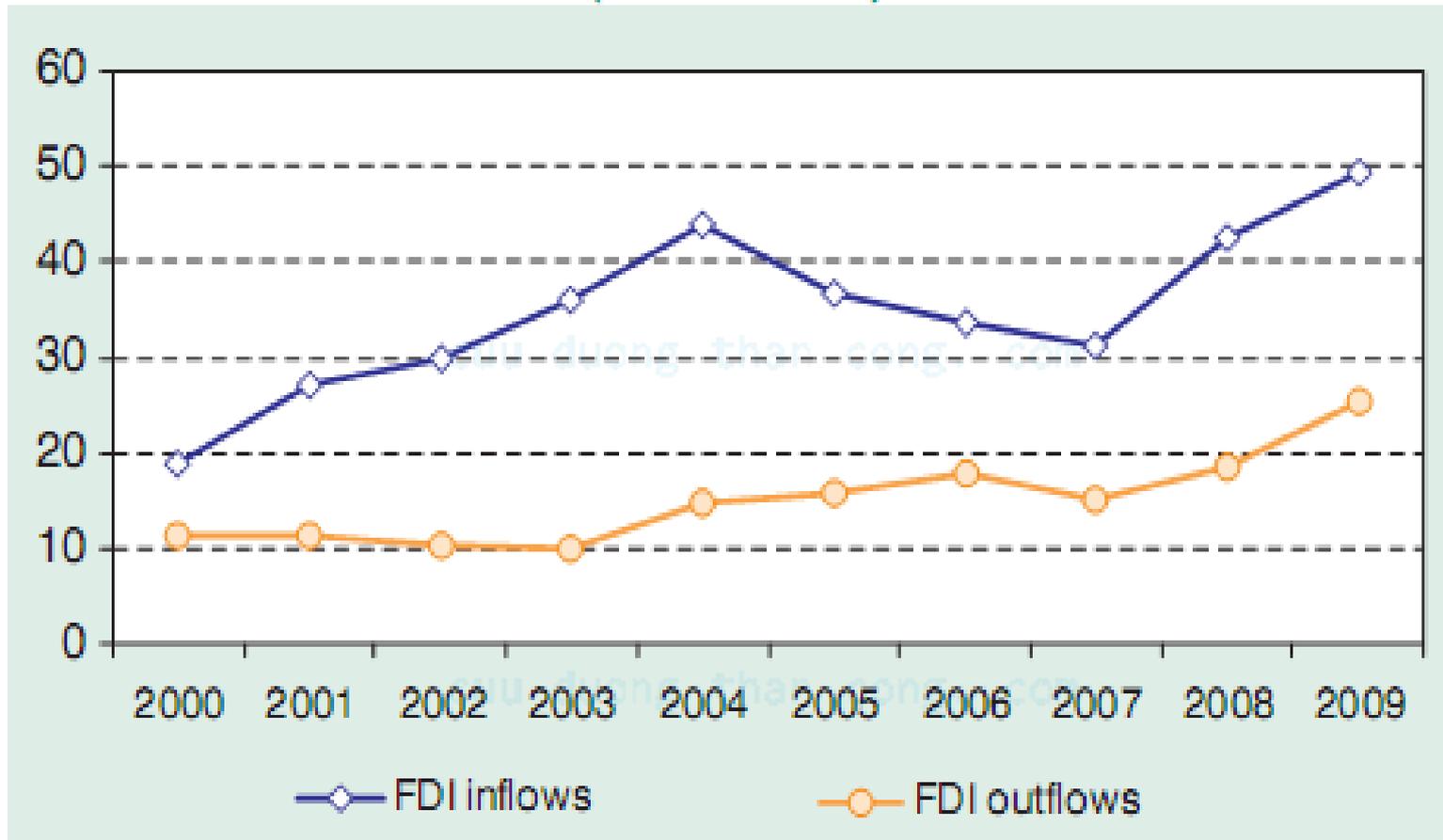
Source: WIR 2005, p.7

Global FDI inflow and Real GDP growth, 1980-2005 FDI



Source: WIR 2005, tr. 13

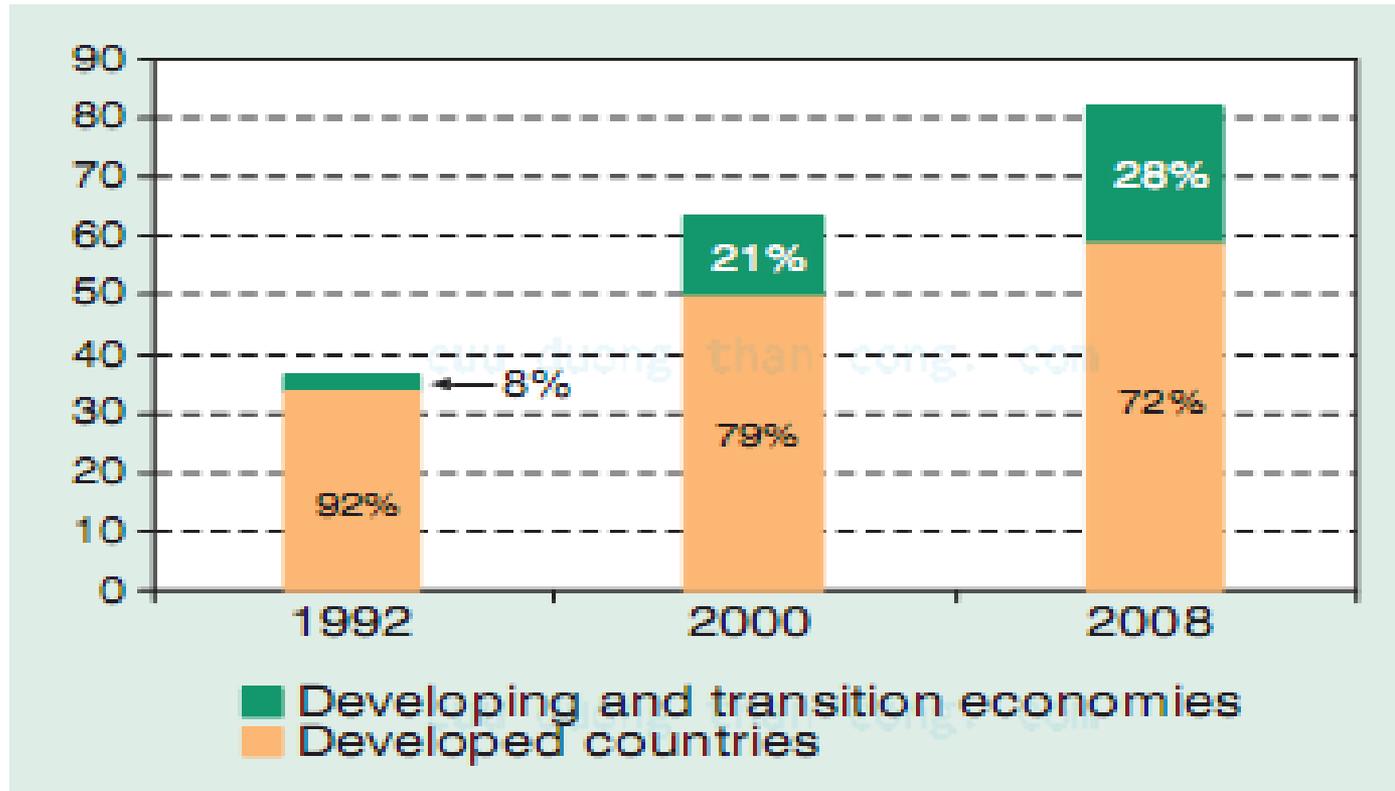
Share of FDI inflow and outflow in the global FDI flow of developing and transition economies (%)



Source: WIR 2010, tr.3

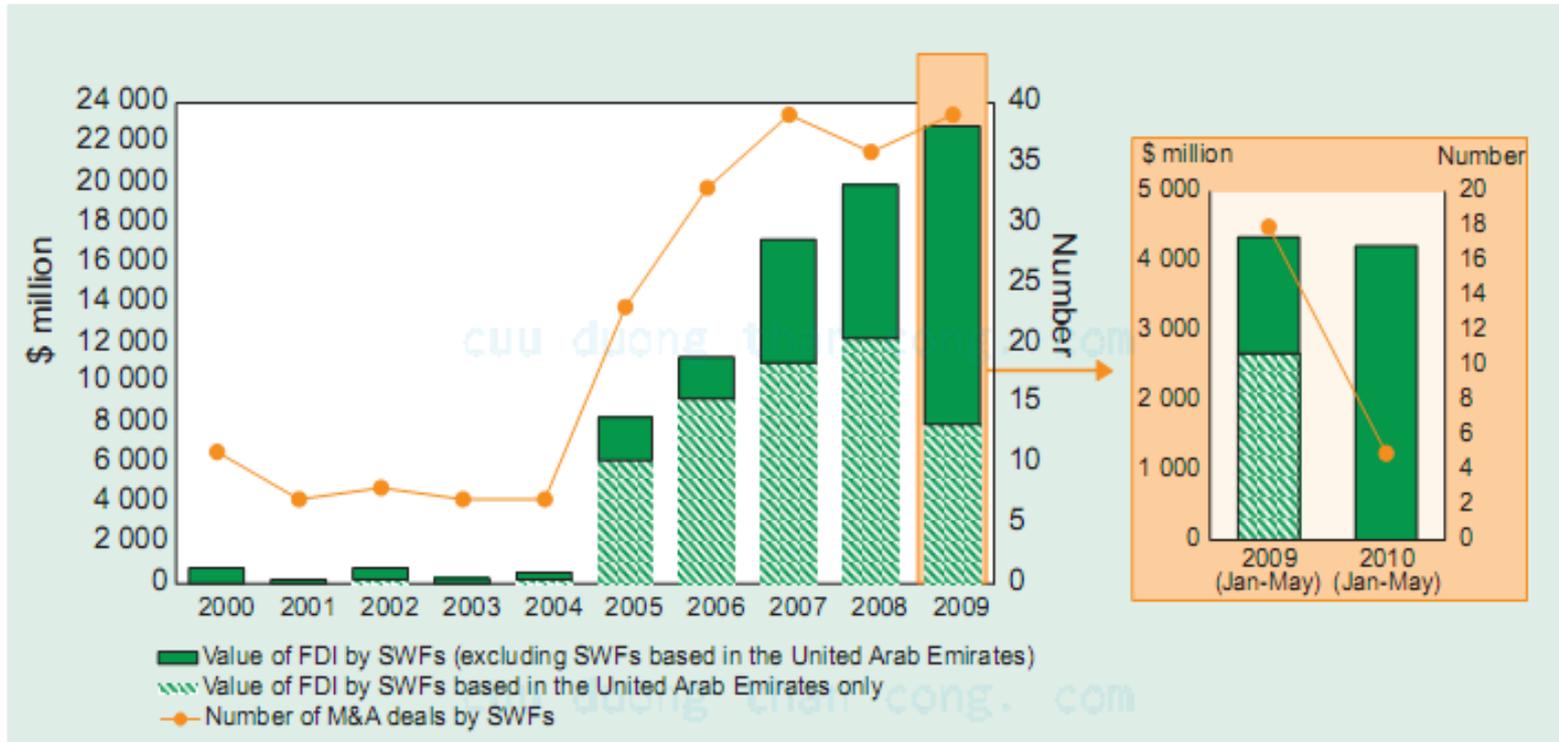
Emergence of developing countries' TNCs

Unit: '000 TNCs

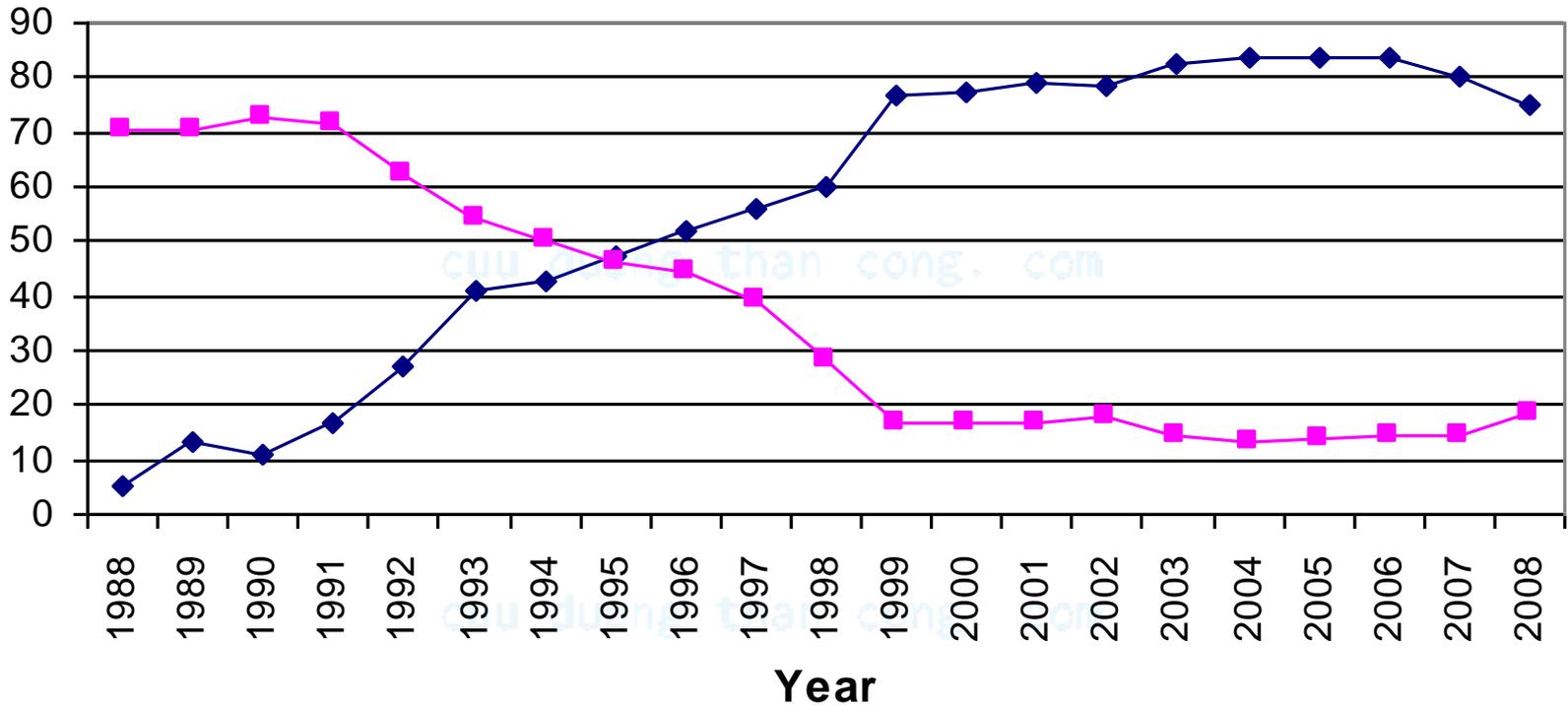


Source: WIR 2010, tr.7

FDI by SWFs, 2000-5/2010



Annual share of projects in 100% foreign invested and Joint –venture forms in total registered FDI

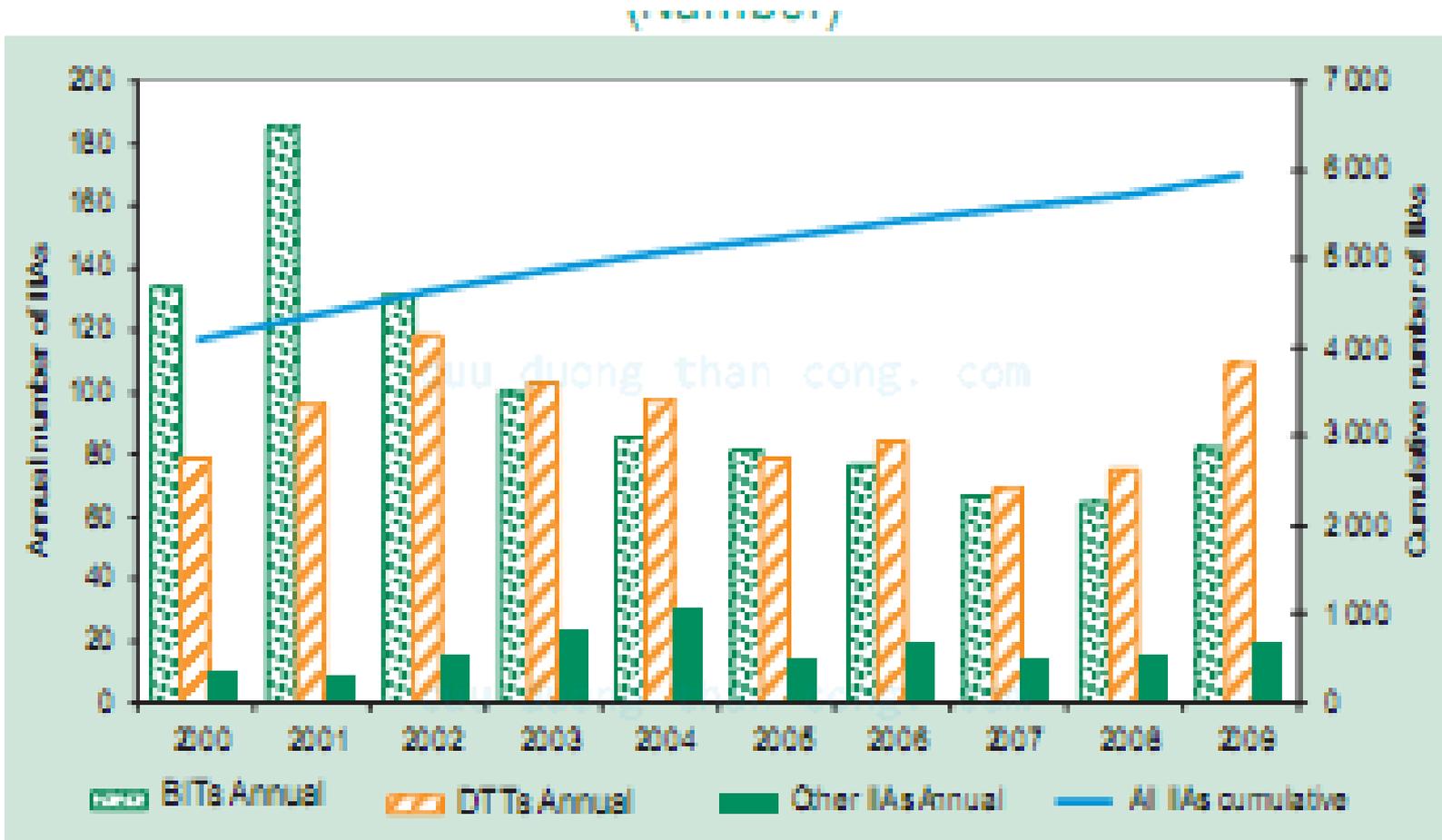


Source: MPI, 2009

◆ 100% foreign owned

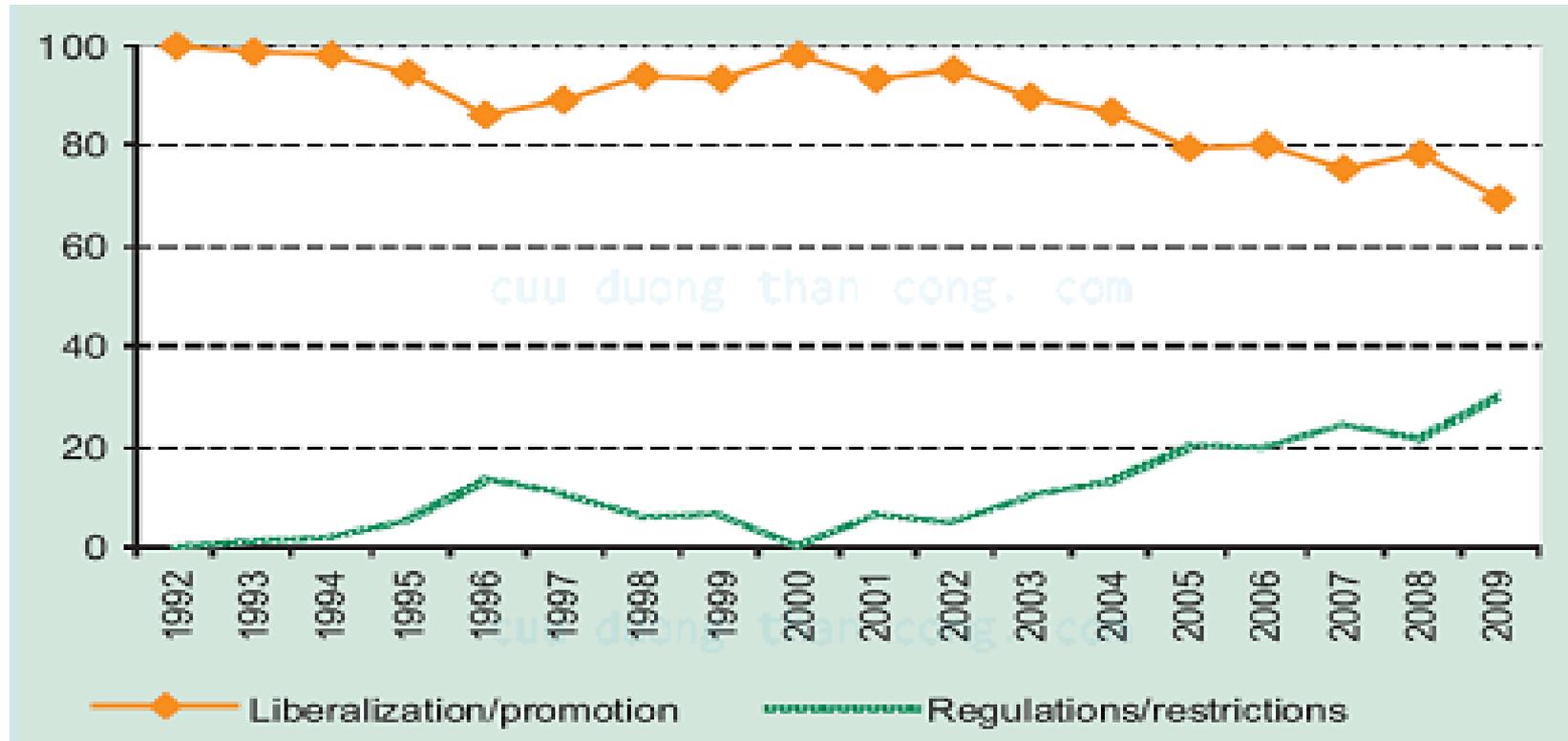
■ Joint-venture

II Policy development at International and national level



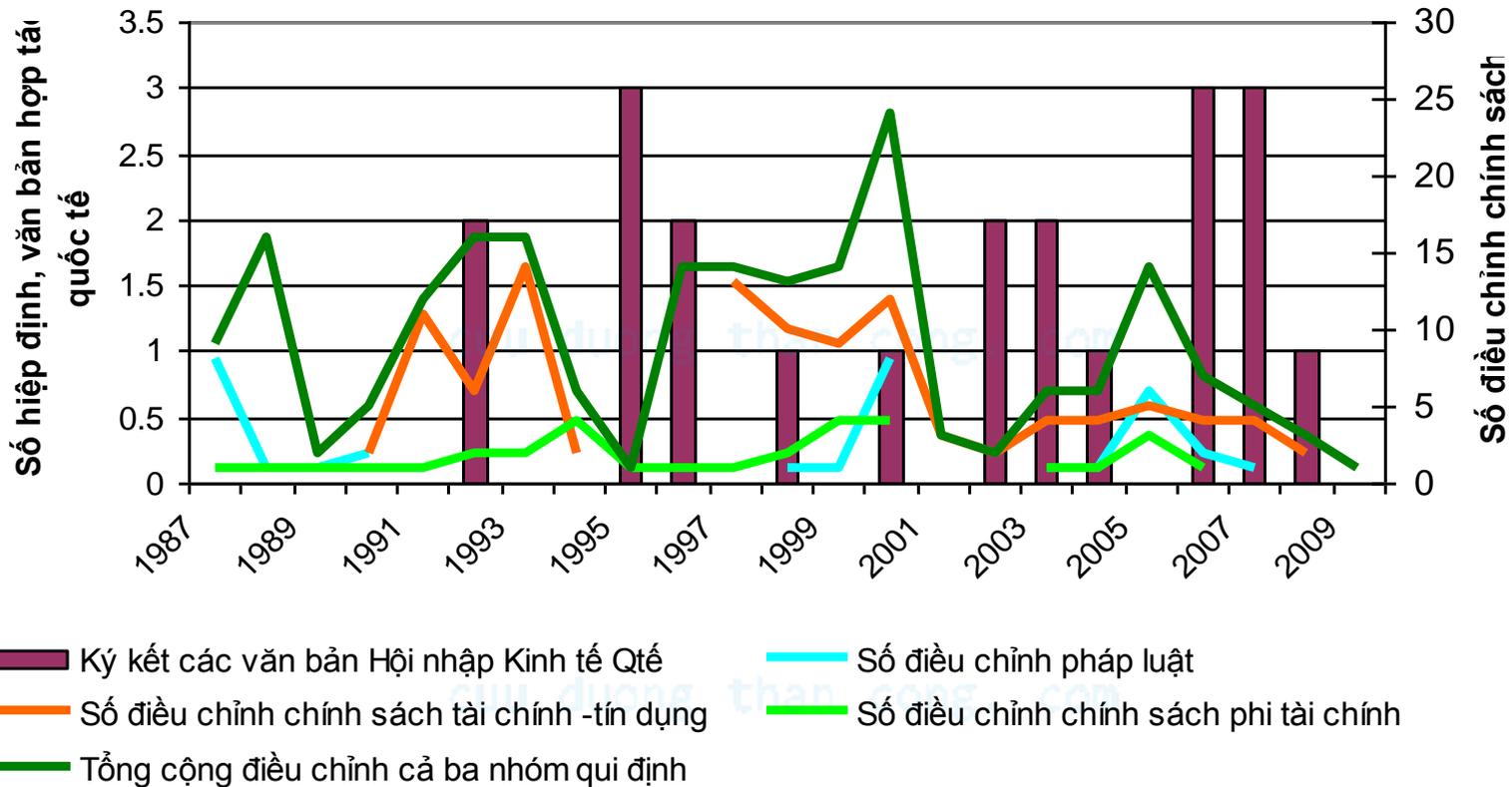
Source: UNCTAD, based on IIA database.

Policy adjustment at national level (%)



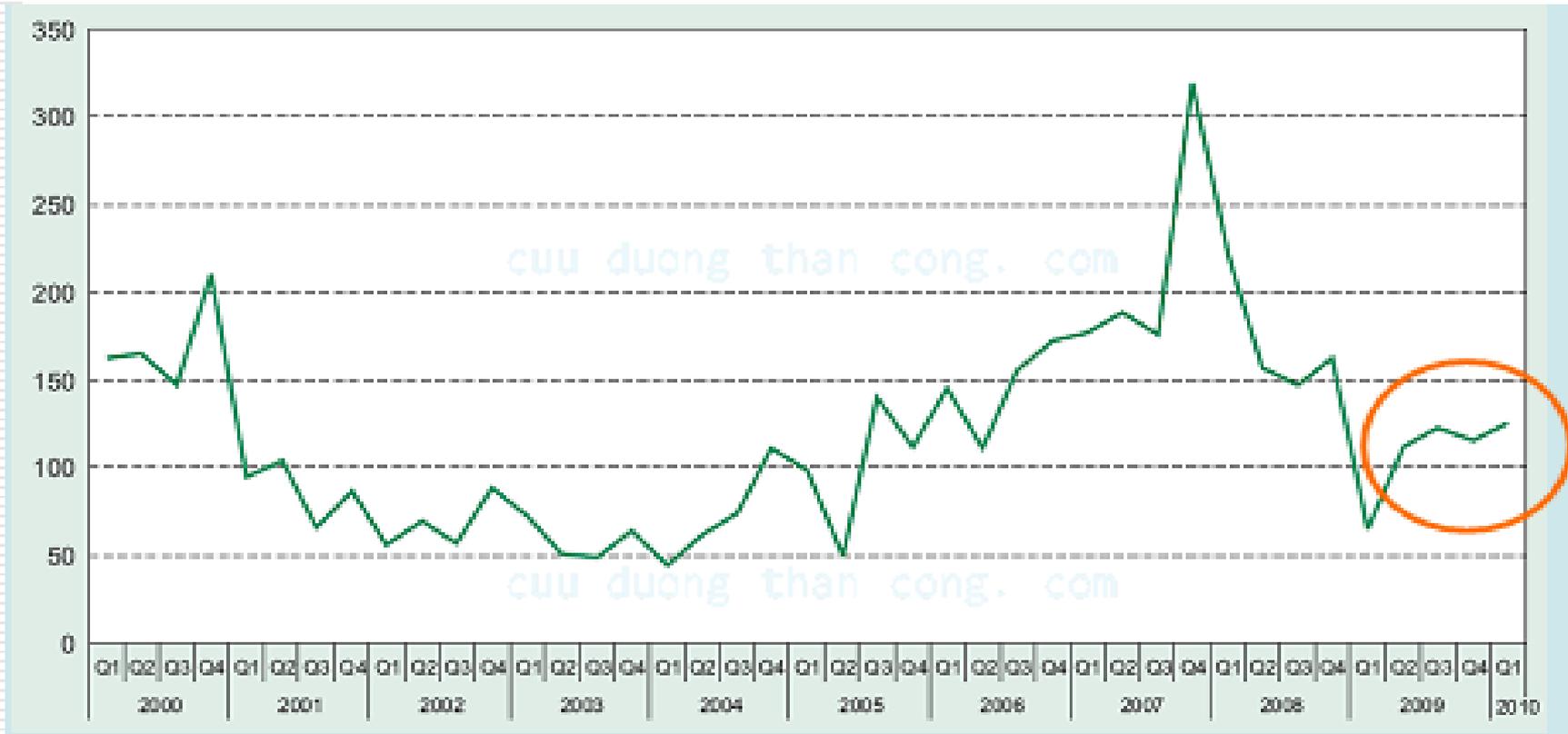
Source: UNCTAD, WIR 2010

Điều chỉnh chính sách trong tiến trình hội nhập kinh tế quốc tế



Recover of global FDI after global financial crisis

(Quarterly index, 2005 average quarterly index = 100)



Source: UNCTAD, WIR 2010

International investment matters

“International investment matters. Why? Because investment is not just a blandly apolitical process by which money is mysteriously made to grow, but a process in which companies and governments define and redistribute access to assets, determining who accumulates wealth and at whose expense”,

Kavaljit Singh, 2007, Why International Investment matters, tr. 12.

Why study International Investment?

- ❖ To define the mechanism by which international investment makes money growth?
- ❖ How governments and companies redistributes asset among stakeholders?
- ❖ Who gains and who losses?

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What II about?

1. What is II? How and by what modes of entry are international investment inflows and outflows conducted?
2. Which theories explain the existence and impacts of II?
3. What are the determinants of II?
4. How does II affect the host and home countries? Who gains? Who losses?
5. Which policies and measures have home and host countries often taken to deal with II ?
6. How about the evolution of II?

Course Structure

- ❖ Chapter 1. Introduction
- ❖ Chapter 2. Nature, characteristics and forms of international investment
- ❖ Chapter 3. Theories of international investment
- ❖ Chapter 4. International investment environment.
- ❖ Chapter 5. International investment policy of the host country
- ❖ Chapter 6. Impacts of international investment on the host country
- ❖ Chapter 7. Trend of international investment

The importance of International Investment

- Take direct comparative advantages of the factor endowment/abundance
 - Accelerate the progress of globalization.
- Supplement capitals for the industrialization and modernization of Vietnam.
- Opportunities for new jobs and career development

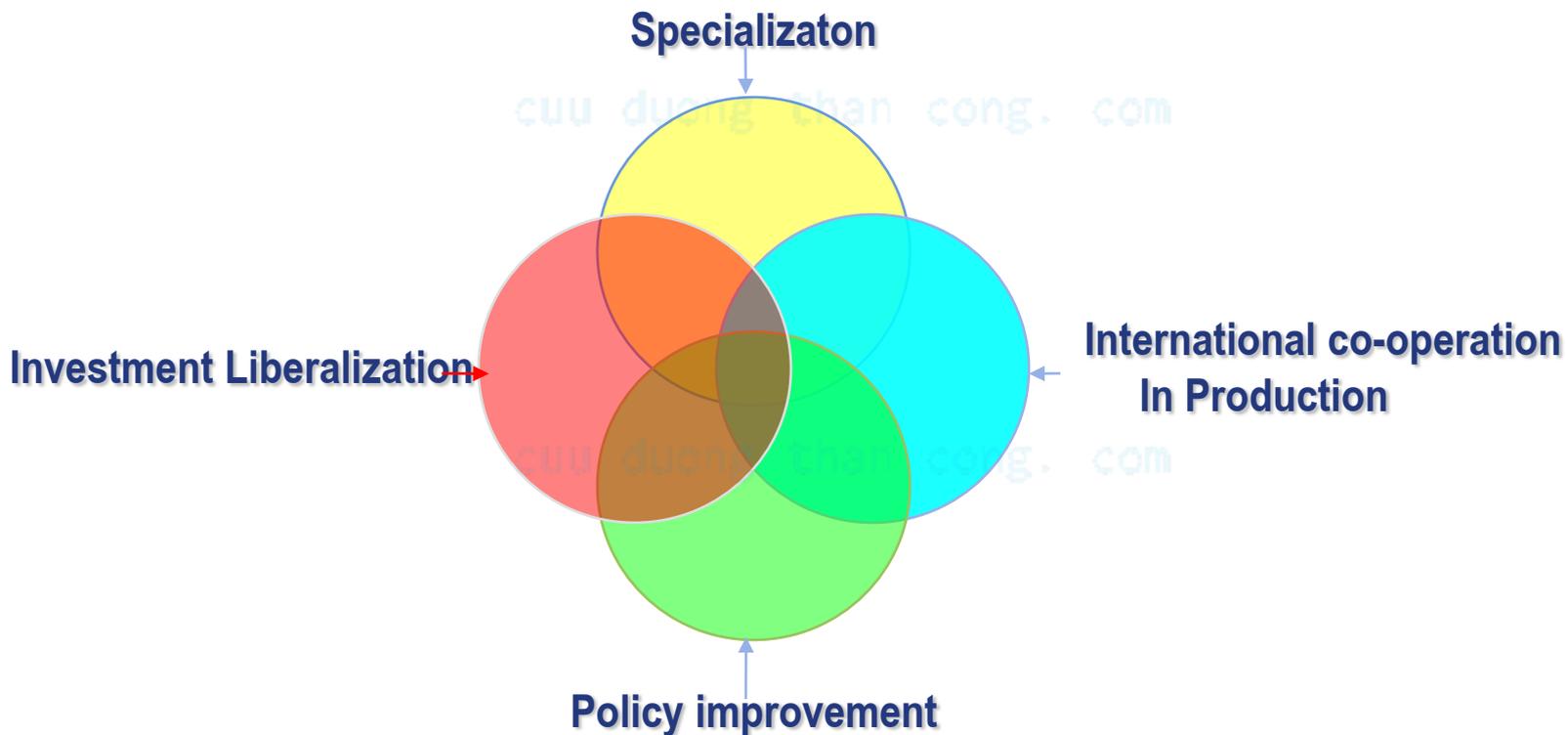
Taking the direct comparative advantages of the factor endowment/abundance

- Reduce the cost of production factors (capital, labor, technology,...)
- Speed up the specialization and production co-operation between countries
- Improve the effective usage of the production factors

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Accelerate the progress of globalization

- The nature and characteristics of globalization
- The impact of International Investment on the process of globalization



Supplement capitals for the industrialization and modernization of developing economies

LOGO

- Supply Capital and improve the domestic accumulation
- Transfer and develop new technology
- Absorb knowledge and latest technology
- Study marketing experiences and develop distribution network

International investment knowledge and reasoning

- Explain how and why international investment is important to the world in general and developing countries in particular.
- Present a thorough view of International Investment in relation with International trade and International Finance.
- Examine the international investment theories and practices that impact the world and participating countries.
- Understand the determinants of FDI.
- Examine the strategies and forms of international investment.
- Understand insight into the implications of international investment in the host countries.

Personal and professional skills and attributes

Students' personal skills are developed and enhanced ranging from the levels of proficiency 2 (to be able to understand and apply) and 3 (to be able to analyze and evaluate):

1. Reasoning and solving international investment issues: this includes identifying, formulating and generalizing international investment issues, solving the issues by recommending and giving solutions.
2. Researching the knowledge and practice through reviewing both print and electronic literature, and searching, collecting, analyzing and handling/processing the information/data.
3. Thinking systematically (e.g. thinking holistically; finding international investment problems/issues and their interactions).

Interpersonal skills and attributes

Students are required to develop and enhance their interpersonal skills and attributes:

1. teamwork (forming effective teams, team operation, team growth and evolution, leadership, ability to work with different teams),
2. communications (communications strategy and structure, spoken, written and electronic/multimedia communications, presentation),
3. and communication in English (listening, speaking, reading and writing).

Required Materials

- ❖ Kavaljit Singh, "Why Investment Matters: The political Economics of International Investment", The Corner House 2007.
- ❖ UNCTAD, Overview to World Investment Report, 1997. pp. 1-12.
- ❖ UNCTAD, World Investment Report, 1994, Chapter III. pp. 117 -158, and Chapter VII, pp. 277 - 312.
- ❖ UNCTAD, World Investment Report, 1994, 1997, 2005, 2007, 2008, 2009 (download at www.unctad.org/wir)
- ❖ Phung Xuan Nha, "International Investment", Vietnam National University, Hanoi 2001.

ASSESSMENT AND GRADING

- ❖ *Class attendance (10%)*: It is required to attend all sessions required except in previously arranged cases/emergencies, to fully submit homework on time and to do fully 10 minutes tests (if any). Not attending the class more than 2 times, students will get “zero” for the class attendance.
- ❖ *Group presentation (20%)*: In groups of 3-6 decided by instructor(s) for each class, students will present their opinions for the topics as assigned. Presentations should be 10-15 minutes maximum. Failure to deliver presentation as assigned would result in no grade for the assigned group case presentation.
- ❖ *In-class contribution (discussions, Q&As, chapter review, argument, or marks of 10 minute tests and homework etc.) (10%)*: All students are expected to participate actively in class discussion. This includes evidence of thorough prior preparation of course materials, engaging in exercises, Q&As, etc.
- ❖ *Final exam (60%)*: The final exam covers all elements of the entire course (including the concepts, cases, exercises, and discussions). The date is fixed by the Department of Training and informed to students in due course. If the final exam involves solving a case study or writing an essay to argue/discuss over an issue as a part of it, the criteria for assessing these are:

How to study this course

- ❖ Theory lecture
- ❖ In-class discussion
- ❖ Group presentation
- ❖ Homework/10minutes tests
- ❖ Self-study at home

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Policy

- ❖ Students are required to complete and submit all the tasks given by instructor(s)/lecturer(s) in time.
- ❖ Full attendance is required except in case of special events or emergency.
- ❖ The class will be conducted as an interactive exchange. Students will take an active role in leading discussion of cases, presenting cases, and providing critical commentary. Each class will involve discussions and dialogue as major elements in the learning strategy, although lecture will be utilized to provide grounding for subject content. Individual participants will be responsible for completing reading assignments and participating in discussion of those readings.

Hints for Success

- ❖ Students are encouraged to spend 6 hours/ weeks studying at home for this course. Students are advised to meet instructors before their group presentations.

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Thank You !

