

Effective Methods to Invite Foreign Direct Investment to your Country

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Japan Bank for International Cooperation

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1. Roads for Success

1) Step-by-step Approach

- 1 stage: start of “trade activities” formation of “trade business”
- 2 stage: expansion of “trade business”
- 3 stage: start of “FDI” (foreign direct investment)

2) Importance of “Efforts” and “Patience”

- materialization of FDI projects is a result of “Efforts” and “Patience”
 “Efforts” and “Patience” bring about the materialization of FDI
- lesson by trial and error (example: China and Vietnam)

3) Realization of the “Pull Factors” and the “Push Factors” in FDI

- standpoints of the “Host Country” = Pull Factors
 (example) attractiveness of the “Host Country” (your Country)
- standpoints of the “Investors (Foreign Companies)” = Push Factors
 (example) incentive, motivation, etc.,

2. Keywords: Three “Cs” to be Successful in Inviting FDI

1) Competition

competition with neighboring countries in the same region to invite foreign companies

2) Competitiveness

- self-identifications of “strong-points” and “weak-points” of your country to invite FDI
- “strong-points”: attractiveness to the side of foreign companies
- “weak-points”: discouragement to the side of foreign companies

3) Credibility

- establishment of “credibility” between the “Host Country” and the “Investors” (Foreign Companies)

3. Types of Approach

1) Approach 1:

What you have to do to “Invite FDI to your Country”

(example)

- provision of investment incentives
- provision of “transparent” and “consistent” investment policy

2) Approach 2:

What you have not to do to “Invite FDI to your Country”

(example)

- practice of “un-transparent” and “inconsistent” investment policy

3) Importance in the Combination of “Approach 1” and “Approach 2”

4. Different Expectations toward FDI

- 1) Why do you want to invite FDI to your country?
 - reasons, motivations, etc,

- 2) Why does foreign companies undertake FDI in your country ?
 - reasons, motivations, etc,.

- 3) Gaps between the “Host Country” and the “Foreign Companies”
 - gaps = difference, discrepancy, misunderstanding
 - “misunderstanding” creates “another misunderstanding”
distrust, conflicts, breaking off
 - method to narrow the “gaps”
establishment of “Mutual Benefits”

5. Your own Mission /Roles in terms of FDI

1) Reality of FDI

- expectations by the “Host Country”
- expectations by the “Foreign Companies”

- **Your Own Missions/Roles**

(Goal/Objective)

to invite foreign companies to your country

(Actions to Achieve the Goal/Objective)

to “narrow the Gaps” in the expectations of FDI

between the “Host Country” and the “Foreign Companies”

(Actual Achievement)

materialization of FDI projects

6. Necessary Actions to Achieve the Goal/Objective

- 1) Identifications of “problems, impediments, concerns, etc. for foreign companies”
 - face to face dialogues
- 2) Solution of the “problems, impediments, concerns, etc”
 - trouble-shooting
 - minimization
 - extinction
- 3) Establishment of the mechanism to have a “Credible Investment Promotion Entity”
 - difference between “Establishment” and “Operation”

Conclusion: Four Focal-points to be successful

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