

# WORLD FOREIGN DIRECT INVESTMENTS (FDI): THE EURASIAN CONTINENT OR A KIND OF AUTONOMOUS CAPITAL MARKET

Dalina ANDREI\*, Liviu. C. ANDREI\*\*

***Abstract.** Our FDI preoccupations date from before 2008 [1]. This below paper studies the international directly invested capital and develops on coordinates already drawn by previous working papers seeing facts developed at the world scale[2]. Our previous findings will here reach a new one regarding Europe and Asia, i.e. Eurasia continental block, which isn't quite a region, as in our previous papers, but contains some unexpected and interesting specific features.*

*Not to omit the quite specific of our set of papers on FDI, that is no any temptation about causes of effects of FDI, as in the other literature and as in our previous papers in the area. Except for world-wide view and the last quarter of century that makes our study more than relevant, this is just FDI, as effective flows and stocks.*

***Keywords:** foreign direct investments (FDI), direct investments abroad (DIA), (world) regions, international capital, capital flows/stocks, FDI stocks balance, top investor country, top capital majority country.*

## 1. Introduction

Basically, the large *Eurasia* isn't a *world region* or *section* this way, according to the rules making the *nine regions* that form this continental block, as well as other regions in the rest of the world. However, Eurasia's regions seem to rank here similarly to individual countries within corresponding world regions: the same top-4 countries on both FDI&DIA flow senses and they equally are *top-capital majority* on each sense.

**Eurasia's FDI&DIA development broken down on regions** (Both rankings on FDI&DIA nearly identify. (See Table 1/1 below for a few aspects.)

---

\* Senior researcher the 3<sup>rd</sup> degree, Institute of Economic Forecasting of the Romanian Academy of Sciences in Bucharest, email address [dalinaandrei@yahoo.com](mailto:dalinaandrei@yahoo.com)

\*\* Senior lecturer, National University of Political and Administrative Studies, Faculty of Public Administration, in Bucharest, [liviucandrei@yahoo.com](mailto:liviucandrei@yahoo.com)

**Table 1/1.**  
*Eurasia: FDI&DIA ranking regions in 2015.*

Region	FDI stocks			DIA stocks		
	rank	Millions of US\$	% of world	Millions of US\$	% of world	rank
x						
Euro-zone	1	5 178 913.2	21.8	7 240 413.0	31.1	1
East Asia	2	3 094 471.9	13.0	2 376 961.2	10.2	2
SE Asia	3	1 349 917.9	5.7	729 991.6	3.1	4
West Europe	4	1 034 728.8	4.4	1 745 365.8	7.5	3
Near East	5	841 921.5	3.6	307 049.1	1.7	6
CIS	6	766 802.8	3.3	553 402.4	2.4	5
C&E Europe	7	697 603.4	2.9	125 749.5	0.5	7
South Asia	8	480 692.7	2.0	142 762.9	0.6	8
SE Europe	9	72387.3	0.3	4 778.0	0.0	9
<b>Eurasia<sup>1</sup></b>	x	<b>13517439.6</b>	<b>57.0</b>	<b>13226473.6</b>	<b>57.1</b>	x

Data computed after *UNCTAD WIR 2016*.

But even more significant than this becomes the number *proximity between the two international capital flow senses* for *Eurasia*. Plus, Eurasia looks claiming more than half of world FDI&DIA stocks. In other words, Eurasia both perform the same on FDI&DIA and these data let the other world top investor countries and regions off any world top capital majority – i.e. US plus Canada (i.e. North America), together with UK, Japan, Australia and New Zealand cumulate the rest of world FDI&DIA; vis-à-vis the Third World regions that are this part of world FDI recipients [3]. See also Table 1/2 strengthening the above finding.

Actually, the above FDI&DIA stocks' proximity of the last quarter of century sees itself verified in Table 1/2 here including by that the (overall) Eurasia's FDI stocks balance lowers to less than the one of South-East Europe [4], i.e. the region that carries the less international capital of all these regions. Then, both 1/1 and 1/2 Tables in contest confirm that our continental block produces and 'consumes' an *autonomous international capital flow* – i.e. this might be called an *autonomous international capital market* or even let's have here another slang for Eurasia, as a *pretty' closed box'* of FDI&DIA. Plus, as much as the same FDI stocks balance would accurately be negative, this large territory – more probably Euro-zone

---

<sup>1</sup> Number results on millions of US\$ versus % of world stocks aren't to be here found aberrant – WIR 2016 admits an overall FDI-DIA difference on world, doing to different data sources here involved. Then, approximations make themselves imminent, but the significance of proximity between the two flow senses stays untouched.

and/or West Europe, as in detail – funds some of the rest of world by its left DIA amounts.

Back inside the continental block, the two Western European regions – Euro-zone [5] and West Europe [6] – look funding the rest of regions. In exchange, East Asia and South East Asia [7] – i.e. part of the top capital majority, as shown in the above Table 1/1 – stay also in the top-FDI stocks balance (Table 1/2), in which Euro-zone and West Europe here ‘*make the mirror*’[5]<sup>2</sup>.

**Table 1/2**  
*Eurasia: FDI stocks balance on regions in 2015.*

<b>Rank</b>	<b>Region</b>	<b>Millions of US\$</b>	<b>% of world</b>
1	East Asia	664 657.1	2.9
2	South-East Asia	596 869.7	2.6
3	C&E Europe	559 938.8	2.4
4	Near East	396 117.5	1.7
5	South Asia	329 719.6	1.4
6	CIS	200 303.4	0.9
7	SE Europe	66 555.8	0.3
8	West Europe	– 728 310.1	–3.1
9	Euro-zone	–2 149 955.7	–9.2
<b>x</b>	<b>Eurasia</b>	<b>– 64 103.9</b>	<b>–0.3</b>

Data computed after *UNCTAD WIR 2016*.

## **2. Eurasia: FDI&DIA development broken down on individual countries**

These below will be on the same Eurasian space viewed this time from individual countries’ position, i.e. the above regions will step back for the moment. Countries are here ranking on both FDI & DIA stocks on corresponding columns and the Table first sees the *top-capital majority* country group in this territory – i.e. the same countries on both flow senses, except for Singapore [7] and Switzerland [6] being top member countries the earlier just on FDI stocks, the latter just on DIA stocks in Eurasia. The

---

<sup>2</sup> Recall our old slang formula frequently reflecting the way that top FDI&DIA countries go down to the last positions of FDI stocks balance – this is due to that such countries are likely to.

*top-capital majority* belongs to all these countries that carry more than the half of the total Eurasia's international capital stocks.

It becomes obvious from this Table both that a Eurasian capital majority is carried by these 8 countries and that this 'first order' countries' status includes their overall negative FDI stocks balance – about 6% of world capital stocks – in favor of FDI funding the rest of 81 countries sharing the large area. In other words, countries that are top-capital majority here associate such a status to international investor position as a distinct *regularity* – that stays valid world-wide at the same. The other consequence will be that China and Singapore [7], as countries of positive FDI stocks balances in context, are seen as exception from this *regularity* – and explanations here become exceptional in their turn, i.e. related to these countries' FDI&DIA dynamics and partly to their economic sizes.

**Table 2.**  
*Top FDI&DIA countries of Eurasia (1990-2015).*

= % of world stocks=

FDI stocks					DIA stocks				
rank	Country	Indiv.	Cumul	Region	rank	Country	Indiv.	Cumul	Region
1	China	7.3	7.3	East Asia	1	Germany	6.8	6.8	Euro-zone
2	Hong Kong, China	4.5	11.8	East Asia	2	France	5.9	12.7	Euro-zone
3	Germany	3.6	15.4	Euro-zone	3	Netherlands	5.0	17.7	Euro-zone
4	Netherlands	3.3	18.7	Euro-zone	4	Hong Kong, China	4.6	22.3	East Asia
5	France	2.8	21.5	Euro-zone	5	Spain	3.6	25.9	Euro-zone
6	Singapore	2.8	24.3	SE Asia	6	China	3.4	29.3	East Asia
7	Spain	2.7	27.0	Euro-zone	7	Switzerland	3.4	32.7	West Europe
8	Switzerland	1.5	<b>28.5</b>	West Europe	8	Singapore	1.8	<b>34.5</b>	SE Asia
x	<b>Subtotal</b>	<b>28.5</b>	x	x	x	<b>Subtotal</b>	<b>34.5</b>	x	x

Data computed after *UNCTAD WIR 2016*.

Further on, this Table partly verifies results of the above previous Table 1/1 regarding the regions' FDI&DIA ranking in Eurasia: Euro-zone 4, East Asia 2, South East Asia 1 and West Europe 1, as countries compounding this FDI&DIA top-8. As in more detail, the Table tries to explain that four strongly capitalized economies of the Euro-zone – Germany, France, Netherlands and Spain[5] – plus one of West Europe[6] – Switzerland – and one of East Asia – Hong Kong – FDI fund first China and Singapore, two high FDI recipient countries of East Asia and South East Asia [7], as respectively. Besides, the high unemployment of a European economy like Spain equally seems to get some explanations coming out of the above Table 2, since this country's obvious biasing on DIA.

But such a 'game among the few' countries of Eurasia story is far from ending here. Recall that these core countries seem to here give up about 6% of world capital stocks to the rest of countries – and this part looks connected in context to that world top-16 FDI&DIA countries do the same with about 10.8% of world stocks. Here, in Eurasia vis-à-vis, 81 countries are left and they nearly equally share between *significant investment* (43) and *inactive FDI&DIA* countries (38).

The *significant FDI&DIA* countries perform an overall active *FDI stocks balance* of 3.8% of world stocks while the other *inactive FDI&DIA* countries do collect the rest of 2.2% of world stocks only as FDI/inflows according to another FDI&DIA *regularity* found in our previous studies<sup>3</sup>.

### **3. Eurasia: international capital broken down into 'cooperation' and 'long-way' flows**

The new aspect developed in this paragraph completes our FDI&DIA studies [8] at all scales, here including for Eurasia, but in such an order going back to the above regions is needed. It wouldn't be any full and correct study of this kind ignoring what was enough mentioned equally above about the world FDI&DIA antithesis between highly and zero performing on both flow senses – of which *regularity* small countries like

---

<sup>3</sup> That belongs to the FDI&DIA (international capital) country's behavioral cycle: all (developing) country joins the *international capital* process by FDI/inflows collecting up to entering the *investor country* status next stage. Other phenomena are equally supposed to occur on longer terms. See also Annex 1.

Qatar and Kuwait seem to make the exception of apparently investing abroad in the absence of preliminary FDI accumulated stocks<sup>4</sup>.

It is in such an order that the FDI = DIA stocks of national economies will be here below considered distinctly than the other part of international capital, i.e. the one showing FDI or DIA stocks surplus. Basically, the two opposite flows prove related between not only at the world scale – and not only here, in Eurasia, where their proximity even remains our main finding – but for every individual country in part as well and even more highly at the regional scale.

Basically, once more, two opposite situations come out for each individual country. Over-capitalized countries are likely to invest abroad (i.e. to be *home investment* countries) more than they receive foreign investments (i.e. to be *host* or *recipient countries* for foreign investments), i.e.  $FDI < DIA$ . It is the opposite  $FDI > DIA$  situation that belongs to developing economies, more precisely to the ones more recently joining international capital flows and process. FDI stocks *deficit* ( $DIA - FDI$ ) results for the previous case; FDI stocks *surplus* ( $FDI - DIA$ ) is typical for the latter. But for both hypotheses (hypostases) part of the higher flow equalizes the whole other one. When the long term (as in our study) such a partial equality consists in the amount invested abroad for being expected to come back through natural (i.e. specific) international capital ways.

And this occurs while concomitantly the other part of the higher flow, that consists in capital *surplus*, versus *deficit* differently works – e.g. a kind of ‘natural’ surplus/deficit of capital in the economy. It is now that the two circumstances really separate. The over-capitalized economies do start investing abroad by these flows expecting their ‘come-back’ in a while; later on, when the economy already proves over-capitalized, other flows will be invested for no any ‘come-back’, but proving useful as they are. The other countries – the ones just involved in the international capital market – preliminarily collect ‘optimum’ FDI stocks amounts to start investing abroad as a new career.

Both groups of countries so meet first what can be called *cooperation capital*, and so the last will be of two kinds: the one that strengthens the top and the significant investor countries’ international investment position in

---

<sup>4</sup> Though, such an exception looks related to both small sizes: the one for insignificant capital flows involved at the world scale; the other for the economic sizes of these countries. Otherwise, the same here exceptions might confirm the general rule: international capital could be provided by domestic capital surplus of national economies. And these countries’ common phenomenon is the same as the one present in the large and economically-capital developed countries.

their regions and world-wide and the other that is re-invested in the developing regions by FDI host countries that meanwhile have become *significant* of this kind.

The other part of capital invested abroad belongs to over-capitalized countries only and so its target could be the Third World, i.e. so the *long-way* international capital flows are born, but the fewest countries are the ones that afford them. Concomitantly, in the same view international investments behave similarly to international trade, i.e. both business issues start by neighboring countries and regions, then extend towards further business partners and things already turned out to be so in Eurasia<sup>5</sup>. See Table 3 that show a nearly 50% average of the *cooperation capital rate* in the nine regions of Eurasia – i.e. a kind of ‘fifty-fifty’ between the *cooperation* and the *long-way* capital flows on.

Or the question here is that: might this last finding *just coincidentally* face the previous one, of (nearly) the Eurasia’s international ‘*closed box*’/ autonomous capital market? Might be yes... might be not... But the truth is that it took the whole 1990-2015 year interval to be(come) this-way since, in early 90ies things had been enough different than today.

**Table 3.**  
*Eurasia: International capital broken down on flow destinations.*

	<b>Region</b>	<b>FDI*</b>	<b>DIA*</b>	<b>cooperation capital rate**</b>	<b>long-way flow rate**</b>
1	East Asia	13	10.2	78.5	21.5
2	CIS	3.2	2.4	75.0	25.0
3	Euro-zone	21.8	31.1	70.1	29.9
4	West Europe	4.4	7.5	58.7	41.3
5	SE Asia	5.7	3.1	54.4	45.6
6	Near East	3.6	1.7	47.2	52.8
7	South Asia	2.0	0.6	30.0	70.0
8	C&E Europe	2.9	0.5	17.2	82.8
9	SE Europe	0.26	0	0.0	100.0
<b>x</b>	<b>Eurasia</b>	<b>56.86</b>	<b>57.1</b>	<b>47.9</b>	<b>52.1</b>

\* % of world stocks

\*\* % of each Eurasia’s region’s international capital stocks

Data computed after *UNCTAD WIR 2016*.

---

<sup>5</sup> It is the way that this continental block became that international capital ‘closed box’ or autonomous capital market, as found above.

#### 4. Some concluding remarks

A number of five findings of our previous studies on world FDI&DIA briefly exposed in the above introductory chapter came to be enriched in this text by here:

(1) turning our previous assumption of international investing targeting first the close neighborhood, then reaching further and further territories – i.e. the ‘international trade’ way of developing – into a concrete finding for Eurasia;

(2) Eurasia (the latest) proving that autonomous international capital market or ‘closed box’ that claim about 57% of world FDI&DIA stocks for the last quarter of century;

(3) the same continental block sheltering 9 regions, in which a total of 89 countries benefitting from the same uneven international capital distribution that reigns in the rest of the world: 8 countries being the ‘big players’ – Germany, China, France, Netherlands, Hong Kong, Spain, Singapore and Switzerland – 43 *significant investors* and the rest of 38 countries rather still abstaining from the ‘international capitalist’ way of developing;

(4) put another way, the western European developed countries seem FDI priory funding the Eastern and South-Eastern Asian regions;

(5) but never omitting that (regularity that) countries invest abroad equally for capital feed-back – i.e. cooperation capital --, then for long-way business and other feed-backs.

#### REFERENCES

- [1] Andrei, Dalina (2008), *FDI and economic growth in the perspective of joining the EU*. Doctoral paper defended in 2008. Coord. professor Lucian L. Albu Ph. D Professor. Romanian Academy of Sciences. Institute of National Economic Research, in Bucharest. Abstract on: <http://www.ince.ro/rdr>. Paper written in Romanian.
- [2] UNCTAD (2016), *World Investment Report (WIR) 2016* for basic data on FDI & DIA flows
- [3] Andrei, Dalina & Liviu C. (2016a), *World FDI, an ‘unequal partners’ and ‘concentric circles’ design. Part I, The ‘tip of the iceberg’*, working paper (DOI:10.13140/RG.2.1.1111.8320 Research Gate website)
- [4] Andrei, Dalina & Liviu C. (2016b), *World FDI, an ‘unequal partners’ and ‘concentric circles’ design. Part IV. Further on regions, with preliminary images. South-East Europe, CIS member countries and Near East*, working paper DOI: 10.13140/RG.2.2.34069.73446

- [5] Andrei, Dalina & Liviu C. (2016c), *World FDI, an 'unequal partners' and 'concentric circles' design Part II. Studying the Euro-zone. The 'black hole' type behaviour relates directly to 'mirror' effect.*
- [6] Andrei, Dalina & Liviu C. (2016d), *World FDI, an 'unequal partners' and 'concentric circles' design Part III. Studying the Rest of Europe. Western, versus Central and Eastern Europe*, working paper <http://ssrn.com/abstract=2834110>
- [7] Andrei, Dalina & Liviu C.(2016e), *World FDI, an 'unequal partners' and 'concentric circles' design. Part VII Other actors that play the same. Studying Asia. Its regions and countries.* Working Paper · October 2016. DOI: 10.13140/RG.2.2.36028.44162. ResearchGate <http://ssrn.com/abstract=2849606>
- [8] Andrei, Dalina & Liviu C (2016f), *World FDI, an 'unequal partners' and 'concentric circles' design. Part XII. The short story of world FDI in the 1990-2015 year interval* <https://ssrn.com/author=2189271>

