

CONTENTS

	Page
1. INTRODUCTION	3
1.1 OBJECTIVES OF STUDY	4
1.2 METHODOLOGY AND TERMS OF REFERENCE	4
1.3 ORGANISATION OF STUDY	6
2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK	
2.1 RATIONALE FOR OVERSEAS INVESTMENT	8
2.2 THEORY	10
2.2.1 The International Trade Theory	10
2.2.2 Foreign Direct Investment Theories	11
2.3 FORMULATION OF STRATEGIES FOR INTERNATIONALISATION	19
2.3.1 Assessment of Internationalisation Philosophies and Policies	20
2.3.2 Formulation of Strategies to Penetrate Market	23
2.3.3 Forms of entry	24
2.3.4 Ownership Strategies	26
2.4 INTERNATIONAL BUSINESS PROBLEMS	26
2.4.1 International Risks	27
2.4.2 Multinational Conflicts	28
2.4.3 Multiple Environments	28
2.4.4 International Business and Development	29
2.4.5 Political Instability and Expropriation Risks	29
2.4.6 International Legal Disputes	30
3. INVESTMENT BY MNC COMPANIES	31
4. REGIONAL ECONOMIC INTEGRATION AND GOVERNMENT POLICIES	33
4.1 THE INTERNATIONAL TRADE FRAMEWORK	33
4.1.1 World Trade Organisation	34

	Page
4.1.2 The General Agreement on Tariffs and Trade	34
4.1.3 United Nations Conference on Trade and Development	34
4.1.4 Asia Pacific Economic Cooperation	34
4.1.5 Export Incentives	35
4.1.6 Bilateral Payment Arrangements	36
4.1.7 ASEAN Economic Link	36
4.1.8 South-South Cooperation	37
4.2 MALAYSIAN GOVERNMENT POLICIES ON REVERSE INVESTMENT	40
4.2.1 Incentives for Malaysian companies investing overseas	43
4.2.2 Qualifying Criteria	44
4.2.3 Investment Guarantee Agreements	44
5. OVERSEAS INVESTMENT UNDERTAKEN BY MALAYSIAN COMPANIES	45
5.1 NATURE OF FOREIGN DIRECT INVESTMENT	45
5.2 EXTENT OF FOREIGN DIRECT INVESTMENT	46
6. RESULTS OF THE SURVEY AND ANALYSIS	50
6.1 GLOBAL ORIENTATION	50
6.2 RISK PERCEPTION	51
6.3 GEOGRAPHICAL DISTRIBUTION	52
6.4 MODE OF ENTRY AND METHOD OF INVESTMENT	53
6.5 RATIONALE AND MOTIVES FOR OVERSEAS INVESTMENTS BY MALAYSIAN COMPANIES	53
6.6 CRITERIA FOR CHOICE OF COUNTRY	54
6.7 PROBLEMS FACED BY THE MALAYSIAN COMPANIES	55
6.8 RESPONSE TO GOVERNMENT INCENTIVES	56
7. CONCLUSION AND LIMITATION OF STUDY	57
8. REFERENCES	60