CHAPTER 3

GLOBALIZATION AND ECONOMIC GOVERNANCE IN EAST ASIA: Responding to the New Rules of the Game in Foreign Investment

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Introduction

Foreign direct investment (FDI) is the principal driver of globalization. The geographical dispersion of manufacturing, linked through increasingly complex production networks, is the defining characteristic of the contemporary globalized economy. How best to attract, to retain, and to maximize the benefits of foreign investment for the local economy is one of the most significant governance issues facing East Asia.

East Asia is arguably the most globalized region of the world economy. Not only do East Asian economies have more diversified export markets than most other developing economies, depending heavily on extra-regional trade rather than on a single dominant regional trading partner, but foreign investment has played a particularly important role in the industrialization of some economies (most notably Malaysia and Singapore but also, more recently, China (see Table 3.1).

TABLE 3.1

FDI share in Gross Fixed Capital Formation (%)

	1989-94	*1995*	*1996*	*1997*	*1998*	*1999*
East Asia Average	**5.9**	**8.2**	**9.1**	**10.1**	**10.4**	**11.2**
China	7.9	14.7	14.3	14.6	12.9	11.3
Hong Kong	14.8	14.6	21.7	19.8	29.9	60.2
Malaysia	19.4	15	17	15.1	13.9	20.1
Singapore	30.3	31.2	29.7	35.3	20.6	26.1
Philippines	4.5	8.9	7.8	6.2	12.7	5.1
Indonesia	4	7.6	9.2	7.7	-1.6	-11
Developing Countries Average	**5.2**	**7.7**	**9.1**	**10.9**	**11.7**	**13.8**

Source: UNCTAD. *World Investment Report 2001: Promoting Linkages*. Geneva: UNCTAD, 2001.

The creation of a new regional division of labor in East Asia, following the currency realignments engineered by the 1985 Plaza Accord, was driven in large part by the establishment of new production networks that spanned the region. A huge increase in investment flows from Northeast Asia into ASEAN economies played a significant role in transforming the composition of Southeast Asian exports away from commodities to manufactured goods. It was not just the capital that the production networks transferred that was significant: arguably of even greater import were flows of technology, both physical and "tacit," and of management expertise, and the access to industrialized economies' markets that the networks facilitated. The new regional division of labor not only enhanced growth rates in Southeast Asia but also helped resolve some trans-Pacific trade tensions by shifting production for the U.S. market from Northeast to Southeast Asia, and enabled firms in Northeast Asia, faced by rising labor and land costs at home, to maintain their competitiveness.[1] With the growth in "reverse exports" by Japanese subsidiaries, first from Southeast Asia and more recently from China, Japanese consumers have finally benefited from the lower production costs in other parts of the region.

While there is little sign that the dynamic synergies that have been generated by the evolving regional division of labor in East Asia are about to end, states face new challenges in their economic governance if they are to continue to enjoy the status of favored locations for foreign investment. This chapter focuses on several of these:

- Increased competition for foreign investment (including intensified intra-regional competition);
- Recent international agreements that have proscribed favorite policy instruments used by states to impose performance conditions on foreign investors; and
- Technological change, which together with global overcapacity in several industrial sectors, is contributing to processes of consolidation and denationalization of industries.

Increased Competition for Foreign Investment

The data in Table 3.1 show that whereas the average share of foreign direct investment in gross capital formation in East Asia was above that for all developing economies in the first half of the 1990s, that trend was reversed from 1997 onwards. Two factors are significant here: the efforts of other developing countries to increase their attractiveness to foreign capital by entering into regional agreements with each other and with industrialized countries; and the aftermath of the East Asian financial crisis.

To take the second factor first: the pattern of foreign investment flows into East Asia has changed significantly since the onset of the financial crisis (Figure 3.1). Foreign direct investment into Northeast Asia has risen dramatically since 1997,

[1] Mitchell Bernard and John Ravenhill, "Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia." World Politics 45, 2 (January 1995): 179-210

nearly doubling in volume over the last three years. In contrast, flows into Southeast Asia fell precipitously after 1997, and remain substantially below their peak.

Some of the explanation for the relatively poor performance of Southeast Asia lies with Indonesia's ongoing economic and political fragility but levels of FDI into Singapore and Thailand have also languished below their mid-1990s peaks (Figure 3.2). Malaysia too has yet to regain the levels of inward investment experienced in the immediate pre-crisis period.

Such declines have occurred at a time when global foreign direct investment flows reached record levels. In contrast with the ASEAN countries, the economies of Northeast Asian countries have been major beneficiaries of this increase in flows (Figure 3.3). Perhaps surprisingly, the largest increase in overall flows has gone not to China but to Hong Kong. But here the data can be misleading. Hong Kong has become one of the world's largest sources of foreign direct investment as well as one of its major hosts, with much of the money invested in Hong Kong findings its way to the mainland. South Korea, traditionally an economy that shunned FDI, has seen substantial increases in inward investment since the liberalization implemented by the Kim Dae-Jung government. Taiwan, too, has received increasing flows, albeit of a magnitude massively overshadowed by the flows into Hong Kong and China.

FIGURE 3.1

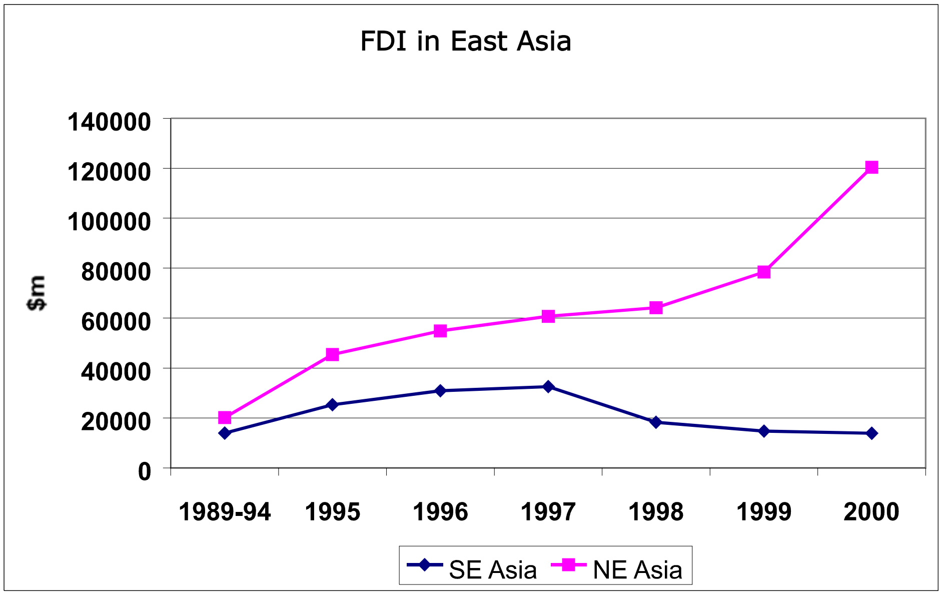


Figure 3.2

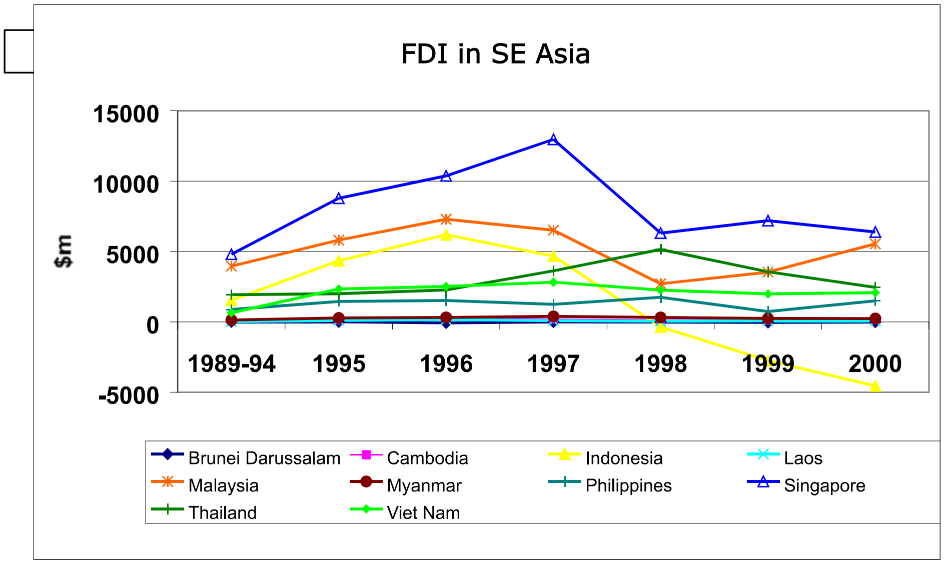
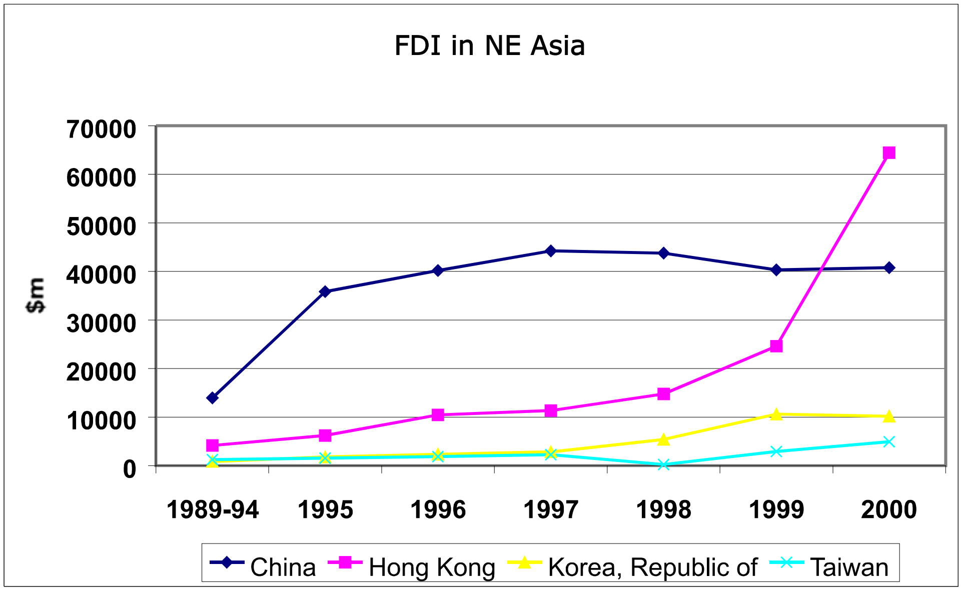


Figure 3.3



The fear that China would be an irresistible magnet to potential foreign investors in East Asia has long worried ASEAN leaders and was a major stimulus behind their decision at the fourth ASEAN summit in Singapore in January 1992 to form an ASEAN Free Trade Area (AFTA). Despite bringing forward the start date for AFTA to 1 January 2002, the fears of ASEAN leaders regarding China's allure to foreign investors appeared to have been realized since the mid-1990s. By the turn of the century, investment directly into the mainland (not counting the additional flows through Hong Kong) was more than double the value of all inflows into the ten ASEAN member states. This can be misleading, however, in that it includes "round-tripping" domestic capital that is disguised to exploit various concessions granted to foreign investment.

National data on foreign direct investment for Japan and the United States show no evidence of a significant diversion of capital flows away from Southeast Asia to China. Overall levels of Japanese FDI to East Asia have dropped substantially since the mid 1990s, a reflection of Japan's own economic problems as well as of the financial crises in other parts of the region. Flows to China have fallen most precipitously, to a greater extent even than flows to the ASEAN4 (Thailand, Singapore, Malaysia and the Philippines), although investment through Hong Kong may offset some of this drop. Neither Japanese political leaders nor company executives wish to place themselves in a position where they are overwhelmingly dependent on suppliers in China: security and thus diversity of supply will be as much of an issue in manufacturing as it has been in raw materials for Japan, a consideration that should work to Southeast Asia's advantage.

U.S. data present a similar picture of continued investor interest in Southeast Asian economies. Even in the immediate post-crisis years, ASEAN collectively continued to receive from the U.S. more than three times the investment that flowed to China directly; the total for China and Hong Kong combined remained below that for ASEAN (Table 3.3).

Table 3.2

Japanese FDI in East Asia ($m)

	1994	***1995***	***1996***	***1997***	***1998***	***1999***	***2000***
East Asia	9317	11763	10997	11094	6169	6825	5711
ASEAN4*?	3887	4110	4948	5696	3340	2876	2035
NIEs**	2865	3179	3539	3411	1765	3198	2682
China	2565	4473	2510	1987	1065	751	995

* Indonesia, Malaysia, Philippines and Thailand

** Hong Kong, Republic of Korea, Taiwan, Singapore

Source: JETRO *White Paper on Foreign Direct Investment* (various years)

Table 3.3

US Direct Foreign Investment in East Asia ($m)

	1994	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**
China	1,232	261	933	1,250	1,497	1,595	1,245	1,481
Hong Kong	1,979	631	1,690	3,759	1,880	2,645	3,138	2,888
Korea	390	1,051	752	681	631	1,219	1,244	1,067
Taiwan	711	419	290	702	-647	551	1,147	840
Indonesia	735	519	956	21	461	2,223	1,182	735
Malaysia	553	1,037	1,298	733	-470	37	260	300
Philippines	414	269	738	107	287	-292	49	50
Singapore	1,836	947	2,760	3,697	261	2,964	2,690	3,506
Thailand	703	686	849	-16	424	1,143	539	1,154
TOTAL	**8,553**	**5820**	**10266**	**10,934**	**4,324**	**12,085**	**11,494**	**12,021**
(ASEAN)	4241	3458	6601	4542	963	6,075	4,720	5745

Source: US Department of Commerce, Bureau of Economic Analysis. *U.S. Direct Investment Abroad: Capital Outflows* US Department of Commerce, 2002 [cited 5 April 2002]. Available from http://www.bea.doc.gov/bea/di/usdiacap.htm#2001.

The available data thus provide a somewhat ambiguous picture on the question of the "threat" from China. To what extent does evidence exist at the country level that production facilities are being moved from Southeast Asia to China? Because these are recent developments they must again be interpreted with caution. Some evidence is accumulating, however, of relocation of some segments of electronics production from Southeast Asia to China. For instance, Advanced Micro Devices, a major semiconductor manufacturer, transferred some production lines from Penang, Malaysia to China in 2001, and Dell has relocated its desktop production for the Japanese market from Penang to Xiamen in China.[2] Given the sunk costs of investments especially in more high-technology areas, such as the linkages established with component suppliers, the wholesale transfer of production facilities from Southeast Asia to China appears unlikely. A more relevant threat is the possibility that Southeast Asian countries will increasingly miss out on new investments so that such a transfer will occur almost by stealth. Whether the downturn in FDI into Southeast Asia is more a consequence of the cycles of demand and investment in the electronics industry or of factors that are more fundamental should become clearer with the expected recovery of the global electronics industry in the next two years.[3] But it is not just the diversion of foreign investment that poses a threat to other parts of the region but also the growth of Chinese-owned companies that compete on world markets, for instance, with Japanese subsidiaries that manufacture air conditioners and refrigerators in Southeast Asia.

Wages for unskilled labor in China are estimated to be one-tenth of those in Malaysia; no Southeast Asian economies can compete with such rates and offer to potential investors the levels of infrastructure available in coastal China. China is attractive to FDI not only for its low-cost unskilled labor and for its huge domestic market, however, but also because of its relatively cheap *skilled* labor. Motorola, Lucent Technologies, General Motors, IBM, Intel, Microsoft, Procter & Gamble, and Texas Instruments are among the leading U.S. companies that have established R&D Centers in China. A dramatic change in the composition of China's exports has occurred, with the share of machinery and equipment in total exports rising quickly (see Box 1). The value of China's exports of high and new technology products rose from $7.7 billion in 1996 to over $37 billion in 2000.[4]

For Southeast Asian states, increased competition for FDI comes not only from within the region. It is particularly pronounced from countries that are adjacent to and/or that have entered into preferential trade agreements with the world's two dominant economic areas, the United States and the European Union. Mexico and some of the Central and Eastern European (and even North African) countries have reinforced the "natural" advantages, stemming from transportation costs and time

[2] For further discussion see Dieter Ernst, "Global Production Networks in East Asia's Electronics Industry and Upgrading Perspectives in Malaysia." Honolulu: East-West Center, Working Papers, Economics Series No. 44, May 2002.

[3] Electronics products constitute around 60 percent of the total export earnings of Malaysia, Singapore and the Philippines, a substantially higher percentage than for China, Korea, or Taiwan.

[4] UNCTAD. *World Investment Report 2001: Promoting Linkages*. Geneva: UNCTAD, 2001, p. 26.

zone considerations, that they enjoy over East Asia as suppliers by entering into preferential trade agreements with the dominant regional economies.

BOX 1: RISE OF CHINA

The ranking of China's exports valued in US dollars rose from 13th in the global economy in 1990 to 9th in 1999 and to 7th in 2000.

China overtook the EU as Japan's second largest source of manufactured goods in 2000. The proportion of Japan's imports from China consisting of machinery and equipment rose from 4.3% in 1990 to 26.1% in 2000.

China is already the world's biggest producer of:

Steel	(15% of world output)
Synthetic Textiles	(23.5%)
Color TVs	(25.4%)
Air Conditioners	(50.1%)
Washing Machines	(23.5%)
Refrigerators	(21.1%)

Source: Ministry of Economy, Trade, and Industry, Government of Japan, *White Paper on International Trade 2001* (Tokyo, 2001).

Responding to the New Competition

Options available to East Asian governments to respond to the growing competition for foreign direct investment and to the strategies adopted by their competitors include:

- Seeking to negotiate their own preferential arrangements to attempt to ensure access for their exports on equal terms to those enjoyed by other preferred suppliers. Examples include Singapore's negotiation of a preferential trade agreement with the US and its proposal for a similar agreement with the EU; and Japan's negotiation with Mexico.
- Negotiating in the World Trade Organization (WTO) to promote liberalization on a non-discriminatory basis. This had been the preferred approach of most East Asian governments in the past 40 years, and one that APEC was designed to facilitate. But disillusionment with APEC and concern at other countries' use of preferential agreements to strengthen their bargaining hand in trade negotiations has, since the financial crisis, caused bureaucratic resources

to be devoted primarily towards negotiations at the bilateral or pan-East Asian level.

- Offering bilateral or regional investment agreements to potential investors. Many of the recent regional trade agreements have sought to be "WTO Plus" in covering areas other than the removal of tariff and non-tariff barriers. A principal element in such deepening of cooperation on a regional basis has been the negotiation of agreements on the treatment to be received by foreign investors, agreements that typically proscribe conditions such as a requirement to enter a joint venture arrangement, or to meet specific export targets. APEC's efforts in this regard have been derisory, its non-binding investment principles being riddled with loopholes. In a similar vein, the ASEAN Investment Area, an investment liberalization program initiated in 1998 in response to the financial crisis, has done little to accommodate the concerns of extra-regional investors, which were initially excluded from the principal benefits of the agreement for ten years.[5] Despite the failed OECD Multilateral Agreement on Investment, this issue remains prominent on the international agenda. The so-called "Singapore issues" in the WTO (matters placed on the organization's agenda at the WTO ministerial meeting in Singapore in 1996) include provisions on investment, which are due to be discussed again at the Mexico ministerial in 2003.[6] While China continues to attract FDI despite failing to provide a secure legal framework for investors, it may become increasingly difficult for other regional countries to do so.
- Provide an enlarged regional market to increase the opportunities for cost-effective production by foreign investors for the local market, and for an enhanced regional division of labor. These ideas have underpinned the implementation of AFTA. But ASEAN's performance on trade liberalization has lagged behind that of other regional groupings of developing economies. Complete liberalization (removal of all tariffs) will not occur until 2015 (only a few years before the APEC target date for full free trade liberalization by its members); the frequent amendments to the ASEAN arrangements plus ongoing derogations, most significantly for Malaysia's auto industry, have caused uncertainty for foreign investors.

Responding to New Institutional Constraints

The balance of power in the bargaining relationship between host governments and transnational corporations (TNCs) has shifted substantially in the last two decades, posing additional challenges for host governments. The dominant pro-liberalization consensus has been enshrined in various international agreements that have limited

[5] In September 2001, ASEAN members removed this discriminatory provision.

[6] See, for instance, Mike Moore, "Development Needs More than Trade", *Financial Times* (17 February 2002).

the policy instruments available to host country governments in their efforts to maximize the benefits to the local economy of foreign direct investment.

The most significant of these international constraints is the 1995 WTO Trade-Related Investment Measures agreement (TRIMs), which outlaws the use of local content requirements and of stipulations that foreign investors must export a specific value of their product to offset their imports or other consumption of foreign exchange. Less developed countries were allowed a five-year adjustment period to phase in the agreement and an opportunity to apply for an extension of this period. Malaysia, the Philippines and Thailand have taken advantage of this option, and have received further extensions. But the writing is very clearly on the wall as far as a phasing out of these arrangements is concerned and is unlikely to be reversed during the new round of WTO talks. Even the Malaysian government, which continues to use such requirements to protect the domestic automobile industry, agreed to eliminate its remaining restrictions by the end of 2003. The new international legal framework makes it increasingly difficult for host governments to compel foreign investors to create linkages with the local economy (and thereby also largely eliminates the opportunities to use requirements imposed on foreign investors as a means of pursuing domestic social goals, as the Malaysian government has done, for instance, in promoting *bumiputera* companies).

The challenge for governance is how to replace instruments of compulsion with effective inducements that will achieve the desired results of enhancing local linkages from FDI. Among the instruments available are tax exemptions from value added tax to encourage the use of local inputs, as provided by the Indonesian government, and tax deductions for the testing of local suppliers' products as offered in Malaysia.[7] Offering inducements in the form of tax holidays or subsidies for undertaking various activities, however, is also increasingly in conflict with international agreements. Some incentive provisions fall foul of the TRIMs agreement; others are proscribed under the WTO Agreement on Subsidies. Given the relatively recent introduction of this legislation and an initial five-year phase-in period for developing economies, many inducement measures fall into an as yet untested "grey" area. They remain open to challenge, creating uncertainty for governments and foreign investors alike. Given the vigilance with which industrialized economies now monitor the trade policies of developing countries, and the increasing resort of governments to anti-dumping legislation, the capacity of governments to offer financial inducements to potential investors has been significantly impaired.

In the more competitive environment for FDI, potential investors take it for granted that a liberalized investment regime will be in place. By itself, such a regime will provide a host economy with no advantage over most of its competitors. Liberalization may be essential but will be insufficient to lure investors.[8] In considering where to locate their investments, TNCs are increasingly motivated by "asset seeking", that is, their investment decisions are shaped by the complementary

[7] Greg Felker and K. S. Jomo "New Approaches to Investment Policy in the ASEAN 4" (Manila: Asian Development Bank, 2000). Available at http://www.adbi.org/para2000/papers/Jomo.pdf.

[8] A recent UK White Paper on Development notes, for instance, "even with good policies in place it can be difficult for some developing countries to stimulate domestic investment and attract foreign investment".

assets that host country economies can provide.[9] Such asset seeking poses significant governance challenges to host economies: how can they upgrade local assets to make them more attractive to potential investors, and how can they extract maximum benefits for the local economy in a bargaining relationship that has become increasingly lopsided?

The upgrading of local assets points to the importance of further enhancement of national innovation systems—institutions (universities, industry, research institutions, and government agencies) and networks among them for the creation and dissemination of knowledge. The Northeast Asian states have a far stronger foundation on which to build in reinforcing their national innovation systems than have their Southeast Asian counterparts, with the notable exception of Singapore. In Southeast Asia, national innovation systems continue to fall short of providing the requisite training to a sufficient portion of the population. A shortage of skilled labor remains a significant bottleneck in Malaysia and Thailand. Technical training for specific industries, e.g., automobiles, is inadequate. And, as yet, there is little evidence that these Southeast Asian governments have grasped the nettle on these issues in the post-crisis period (in marked contrast, for example, to government plans for a radical restructuring of the national innovation system in South Korea). In any event, even with the best of wills supported by substantial resources, governments cannot engineer a substantial improvement in national innovation systems overnight.

In the short to medium term, among the most effective measures that governments can utilize to enhance the attractiveness of local economies to foreign investors are:

- One-stop facilitation of administrative approvals;
- Provision of specialized physical, customs-related, and technical infrastructure;
- Support for labor procurement and skills development; and
- Match-making between investors and local suppliers.[10]

Such measures, as Felker and Jomo argue, present “daunting political and administrative challenges” to government. Their effective implementation often requires detailed knowledge of the requirements of firms in specific industries, and the capacity to create a close working relationship with potential investors. The information requirements for successful policy-making are much greater than in the past, and the new forms of relationship demanded by investors frequently require a significant administrative revamp.

[9] John Dunning’s phrase, quoted by Greg B. Felker, “Southeast Asian Industrialism and the Changing Global Production System.” Paper presented to a conference "Running on Empty? Politics, Markets and Southeast Asian Regionalism": City University of Hong Kong, 17 - 18 January 2002.

[10] Felker and Jomo, “New Approaches to Investment Policy” p. 3.

The Challenge of Responding to Rapidly Changing Industrial Structures

Other dimensions of contemporary globalization raise further challenges for governance. Several industrial sectors of significant interest to East Asian economies are characterized by substantial global overcapacity (see Box 2). Such overcapacity is most pronounced in the automobile industry, a significant employer in most East Asian countries, and an industry that governments have traditionally sought to promote through heavy protection. Indeed, the auto industry in most parts of East Asia remains highly protected with the consequence that production (with the exception of the Korean industry) is predominantly for local markets.[11]

BOX 2: OVERCAPACITY RATIOS*

AUTOMOBILES	**42.6%**
Petrochemicals	**15.5%**
Steel	**10.2%**
SHIPBUILDING	**9.8%**
Semiconductors (DRAMs)	**7.1%**

* Ratio of excess capacity to current total demand

Source: Samsung Economic Research Institute, *Korea Economic Trends* 216 (23 February 2002)

The recent history of the global automotive industry illustrates the interplay of global overcapacity, rapid technological change, and an increasingly liberalized trade regime in generating intensified competition in this sector, and the new challenges these developments pose for developing economies:

- Intensified competition and global overcapacity have set in train a significant consolidation of the industry as assemblers attempt to realize economies of scale and scope by using common platforms for different models. Even Japanese producers have not been immune to the financial problems caused by increased competition, with Isuzu, Nissan, and Mitsubishi being absorbed respectively within the General Motors, Renault and Daimler-Chrysler partnerships. Coupled with the increased pressure for liberalization of the trade regime, and currency depreciations that have made East Asian assets relatively inexpensive for American and European investors, this growing concentration of the industry has made it increasingly difficult for governments to pursue policies of promoting national champions. South Korea provides the best illustration. Its auto industry has been transformed since the mid-1990s, when there were five

[11] Tariffs on imported vehicles range from eight percent in Korea to three hundred percent in Malaysia: these are frequently accompanied by a variety of non-tariff barriers, local content requirements, etc.

domestically owned assemblers (Daewoo, Kia, Hyundai, Samsung and Ssangyong), to the current situation where only one (the merged Hyundai/Kia operation) survives. Less dramatically but in a similar vein, Daihatsu took over the production facilities of Malaysia's second assembler, Perodua, in December 2000. (Significant for this point and the following is the overwhelming share of foreign direct investment in recent years that has been devoted to mergers and acquisitions—$1.1 billion of the total global FDI in 2000 of $1.3 billion. The driving force in contemporary FDI is the acquisition of existing companies and their facilities rather than the construction of new ventures).

- Intensified competition plus technological change is transforming the relationship between assemblers and first-tier suppliers. Suppliers are under intense pressure to reduce the costs of components. Moreover, assemblers are increasingly looking to suppliers to provide complete modules rather than individual components. One consequence is that assemblers now expect suppliers to acquire new competencies and a capacity for research and development that is often present only in the larger firms. A global consolidation of the supplier industry is taking place with a small number of giant transnationals coming to dominate the first-tier suppliers. Again, a process of de-nationalization is taking place. Across the region, the financial crises of 1997-98 led to the disappearance of hundreds of smaller suppliers. A significant number of larger domestically owned companies, faced by debt problems, either entered into joint ventures with or were absorbed by some of the global giants. Many domestically owned companies lack the skills to survive without a foreign partner. The increasing reliance in the industry on e-commerce is another factor raising the entry barriers to firms from developing economies.

De-nationalization does not necessarily equate with de-industrialization. In the automobile industry, the ratio of value to weight is much lower than in electronics, posing a natural barrier to centralized production of some components. Moreover, fluctuating exchange rates, a more common feature of East Asia since several countries abandoned a dollar peg after the financial crisis, provide a powerful inducement for assemblers to source locally. Toyota, for instance, has announced that it will endeavor to source all components from within the territory in which each of its assembly plants is located, an attempt to avoid the currency fluctuations that have had a detrimental impact on its operations in recent years. Yet if operations continue within the domestic economy, the fact that the companies are now foreign-owned and managed poses new challenges for governance, particularly for efforts to ensure the enhancement of linkages with other parts of the domestic economy. This challenge again points to the imperative of upgrading local capabilities.

Conclusion

East Asian economic growth in the last quarter of a century has been intimately linked to foreign direct investment—both from within and outside the region. Such investment has rapidly transformed the export composition of first the Southeast Asian economies and then more recently China, and enabled these countries to participate in the most technologically advanced and dynamic segments of the global economy. East Asian governments were not passive recipients in this process but responded to the opportunities that globalizing processes offered by creating the conditions that made their economies attractive hosts for potential investors. For several of these economies, the challenge now is to ensure that they enhance the domestic value-added in manufacturing within global production chains rather than being confined to low-wage and low-skill tasks.[12]

Upgrading of local skills is the key to enhancing local value added just as it is to attracting additional foreign investment. East Asian economies start from a strong position in the contemporary competition for foreign investment by virtue of the presence of industrial clusters established by previous investment. Yet such clusters, and especially their backward linkages to local economies, vary substantially across the countries of the region. Past success is no guarantee for the future, especially when the contexts in which the competition for investment is taking place are changing so rapidly.

[12] A challenge highlighted in UNCTAD. *Trade and Development Report, 2002*. Geneva: UNCTAD, 2002.