



United Nations



United Nations  
Development  
Programme

# **ASIAN FOREIGN DIRECT INVESTMENT IN AFRICA**

**Towards a New Era of  
Cooperation among  
Developing Countries**



**UNITED NATIONS**  
**New York and Geneva, 2007**

## NOTE

As the focal point in the United Nations system for investment and technology, and building on 30 years of experience in these areas, UNCTAD, through its Division on Investment, Technology and Enterprise Development (DITE), promotes understanding of, and helps build consensus on matters related to foreign direct investment (FDI), transfer of technology and development. DITE also assists developing countries to attract and benefit from FDI and to build their productive capacities and international competitiveness. The emphasis is on an integrated policy approach to investment, technological capacity building and enterprise development.

The term “country” as used in this study also refers, as appropriate, to territories or areas; the designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. In addition, the designations of country groups are intended solely for statistical or analytical convenience and do not necessarily express a judgement about the stage of development reached by a particular country or area in the development process. The reference to a company and its activities should not be construed as an endorsement by UNCTAD of the company or its activities.

The boundaries and names shown and designations used on the maps presented in this publication do not imply official endorsement or acceptance by the United Nations.

The following symbols have been used in the tables:

Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row.

A dash (-) indicates that the item is equal to zero or its value is negligible.

A blank in a table indicates that the item is not applicable, unless otherwise indicated.

A slash (/) between dates representing years, e.g., 1994/95, indicates a financial year.

Use of a hyphen (-) between dates representing years, e.g., 1994-1995, signifies the full period involved, including the beginning and end years.

Reference to “dollars” (\$) means United States dollars, unless otherwise indicated.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals because of rounding.

The material contained in this study may be freely quoted with appropriate acknowledgement.

UNCTAD/ITE/IIA/2007/1  
UNITED NATIONS PUBLICATION  
Sales No. E.07.II.D.1  
ISBN 92-1-112712-2

Copyright © United Nations, 2007  
All rights reserved

## PREFACE

This publication marks the completion of the project on “Needs Assessment to Attract Asian FDI into Africa”, undertaken with the financial support of the UNDP/Japan Human Resources Development Fund dedicated to South-South cooperation. This Report examines the various aspects of Asian foreign direct investment (FDI) in African economies with a view to improving understanding of the opportunities, constraints and steps needed to enhance Asian FDI in Africa.

### Why focus on Asian FDI in Africa?

First, it is now generally recognized that FDI has become a significant source of external finance in developing countries. It has also become a useful means of integrating into the global marketplace. But Africa has largely been left out of this process for many reasons, including small market size, poor infrastructure, weak regulatory frameworks, debt problems and, in some cases, political instability. However, over the past decade, there has been considerable progress with reforms in several African economies. The region’s debt problems are also being tackled, although international initiatives for debt relief need to be faster and bolder.

As we look to the future, the challenge is to find ways and means of harnessing more investment which contributes to reducing poverty and accelerating economic growth and development in Africa. This is a major concern of the United Nations, as reflected in the internationally agreed Millennium Development Goals which includes the overarching aim of halving extreme poverty by 2015, and the Monterrey Consensus on financing for development. This volume on Asian FDI in Africa should be seen as part of the United Nations’ overall efforts in this regard. The objective is very specific: how to make the economic interests of Asian investors and African countries converge more closely. There is an untapped potential for Asian investors to invest in profitable projects in Africa and for African countries to derive benefits from Asian FDI, which offers great potential for furthering cooperation between the two developing regions.

This timely report looks at both the opportunities and possible obstacles for increasing Asian investment in Africa. Asian FDI is assuming greater importance, accounting for 10 per cent of the stock of FDI in the world. Some Asian firms have grown to rank among the top transnational corporations (TNCs) in the world. This trend is likely to be reinforced in the future. The rapid economic growth and industrial upgrading currently taking place in Asia provide ample opportunities for Africa to attract Asian FDI into both natural resources and manufacturing. Indeed, such FDI in Africa is becoming an important and promising facet of South-South economic cooperation.

Against this background, this book examines the opportunities and constraints for Asian investment in African countries. This publication is based on papers prepared for the project, “Needs Assessment to Attract Asian FDI into Africa”, updated wherever possible. It begins with an overview of Asian FDI in Africa and a review of major Asian economies as FDI recipients as well as sources of FDI in Africa. This is followed by studies of five African countries that help to identify common features as well as conditions specific to each as hosts to FDI in general and Asian FDI in particular. It is hoped that this book will contribute to the formulation and implementation of concrete measures to bring greater Asian investment to African countries, and strengthen development cooperation between the two regions.

The book was prepared by a team at UNCTAD led by Masataka Fujita and comprising Guoyong Liang and Padma Mallampally under the direction of Anne Miroux, in cooperation with the Center for International Development at Harvard University. Principal research assistance was provided by Mohamed Chiraz Baly, Bradley Boicourt, Masayo Ishikawa, Lizanne Martinez, Barbara Myloni and Katja Weigl.

It was produced by Chistopher Corbet, Séverine Excoffier and Katia Vieu, edited by Praveen Bhalla and desktop-published by Teresita Ventura. It has benefited from the collaboration of various national institutes, and national and international experts from the public and private sector, both in Africa (Botswana, Ghana, Madagascar, Mozambique and the United Republic of Tanzania) and Asia (China and ASEAN countries). Inputs were received from Chia Siow Yue, Adrian Frey, Bryan Graham, K.S. Jomo, Daniel Kwagbenu, Lorah Madete, Hafiz Mirza, Li Qian and Sara Sievers. Helpful comments were received from Diana Barrowclough, Sérgio Chitarà, Horacio Dombo, Kumi Endo, K. Filson, Torbjörn Fredriksson, Joachim Karl, Ashok Mohinani, Brian Mosenene, Ulrick Mumburi, Salvador Namburete, Adiel Nyiti, Emmanuel D. Ole Naiko, Karl P. Sauvart and R. Yofi Grant, as well as the Chinese Academy of International Trade and Economic Cooperation.



Kemal Dervis  
Administrator of UNDP



Supachai Panitchpakdi  
Secretary-General of UNCTAD  
January 2007

## ABBREVIATIONS

ACP	African, Caribbean and Pacific (group of States)
AFTA	ASEAN Free Trade Area
AGOA	African Growth and Opportunity Act (United States)
AIA	ASEAN Investment Area
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BIT	bilateral investment treaty
BOI	board of investment
CDC	Commonwealth Development Corporation
CFA	Communauté Financière Africaine, a grouping of most west and central African Francophone states (plus Guinea Bissau)
CPI	the Mozambique investment promotion centre
COMESA	Common Market for Eastern and Southern Africa
DTT	double taxation treaty
EAC	East African Community
ECOWAS	Economic Community of West African States
EDB	Economic Development Board
EIU	Economist Intelligence Unit
EPZ	export processing zone
EU	European Union
FDI	foreign direct investment
FIAS	Foreign Investment Advisory Service
GDP	gross domestic product
GIPC	Ghana Investment Promotion Centre
GNP	gross national product
GSP	Generalized System of Preferences
ICSID	International Centre for the Settlement of Investment Disputes
ICT	information and communications technology
IFC	International Finance Corporation
IPA	investment promotion agency
LDC	least developed country
M&As	mergers and acquisitions
MOFCOM	Ministry of Commerce
NAFTA	North American Free Trade Agreement/Area
NEPAD	New Partnership for Africa's Development
NIE	newly industrializing economy
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
SACU	Southern African Customs Union
SADC	Southern African Development Community
SME	small and medium-sized enterprise
SOE	State-owned enterprise
TIC	Tanzania Investment Centre
TNC	transnational corporation
TRIMs	trade-related investment measures (Also Uruguay Round Agreement on Trade-Related Investment Measures)
TRIPS	trade-related aspects of intellectual property rights (Also Uruguay Round Agreement on Trade-related Aspects of Intellectual Property Rights)
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
WEF	World Economic Forum
WTO	World Trade Organization
USAID	United States Agency for International Development



# TABLE OF CONTENTS

## Page

<b>PREFACE.....</b>	<b>iii</b>
<b>EXECUTIVE SUMMARY.....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>5</b>

## PART ONE: ASIAN FDI IN AFRICA

<b>CHAPTER I. ASIAN FDI IN AFRICA: AN OVERVIEW .....</b>	<b>9</b>
<b>A. Global trends in FDI and the divergent performance of Africa and Asia .....</b>	<b>11</b>
<b>B. Recent trends in Africa's inward FDI .....</b>	<b>12</b>
<b>C. Recent trends in FDI from developing Asia .....</b>	<b>13</b>
1. Asian FDI .....	13
2. Asian FDI in Africa .....	15
3. FDI in Africa by Asian SMEs .....	18
<b>D. Why is Asian FDI in Africa low? .....</b>	<b>22</b>
<b>E. Why and how to promote Asian FDI in Africa .....</b>	<b>23</b>
1. Why promote Asian FDI in Africa? .....	23
2. Policies to enhance Asian FDI in Africa.....	23
(a) <i>Policies in Africa</i> .....	24
(b) <i>Policies in developing Asia</i> .....	24
(c) <i>Towards joint action</i> .....	25
<b>CHAPTER II. FDI IN AND FROM SOUTH-EAST ASIA: POLICIES, EXPERIENCE AND RELEVANCE FOR AFRICA .....</b>	<b>31</b>
<b>A. South-East Asian FDI in Africa .....</b>	<b>31</b>
<b>B. Trends and patterns of FDI in the ASEAN-5 .....</b>	<b>35</b>
1. The importance and changing structure of FDI inflows into the ASEAN-5 .....	35
2. FDI determinants and location competitiveness .....	36
<b>C. FDI policy regimes of the ASEAN-5 .....</b>	<b>40</b>
1. The Singapore model.....	40
2. FDI policy regimes of the other four ASEAN countries .....	42
3. Regional initiatives .....	43
<b>D. ASEAN FDI policies and practices: can they be applied to Africa? .....</b>	<b>44</b>
1. Relevance of ASEAN-5 FDI policies and practices .....	45
(a) <i>Investment promotion</i> .....	45
(b) <i>Policy consistency and coherence</i> .....	46
(c) <i>Fiscal and financial incentives</i> .....	46

## Page

(d) Domestic linkages and spillover effects .....	47
(e) Promoting regionalization .....	47
2. Lessons from the Asian financial crisis .....	48
3. Lessons on development impact .....	48
<b>E. Conclusions .....</b>	<b>49</b>
<b>CHAPTER III. CHINESE FDI IN AFRICA AND INWARD FDI IN CHINA: EXPERIENCE AND LESSONS .....</b>	<b>51</b>
<b>A. China's FDI outflows .....</b>	<b>51</b>
<b>B. China's policy on outward FDI .....</b>	<b>54</b>
<b>C. Chinese FDI in Africa .....</b>	<b>56</b>
1. Industrial priorities .....	56
2. Experience of Chinese enterprises in Africa: selected projects .....	57
3. Government efforts in investment promotion .....	61
<b>D. FDI in China: lessons and relevance for Africa .....</b>	<b>62</b>
 <b>PART TWO: SELECTED AFRICAN CASE STUDIES</b>	
<b>CHAPTER IV. BOTSWANA .....</b>	<b>69</b>
<b>Introduction .....</b>	<b>69</b>
<b>A. FDI and TNC activity in Botswana .....</b>	<b>70</b>
1. The background: Botswana's economy .....	70
2. FDI and TNC activity .....	72
3. Asian investment in Botswana: challenges and opportunities .....	77
<b>B. Determinants of FDI in Botswana and their relevance for Asian investors .....</b>	<b>79</b>
1. Local and export markets .....	79
2. Costs and availability of factors of production .....	82
3. Why do the non-mining sectors attract little FDI? .....	84
(a) Geographical and demographic factors affecting FDI .....	85

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_10132](https://www.yunbaogao.cn/report/index/report?reportId=5_10132)

