

TAMIU professor presents U.N. annual report on foreign investment

SPECIAL TO THE TIMES

Tagi Sagafi-nejad, Texas A&M International University's Distinguished Professor of International Business Administration and director of the university's Doctorate Program in International Business, recently returned from presenting the United Nations' World Investment Report 2006 in Mexico City.

The report's findings were offered in the world-wide release of the U.N.'s annual report on foreign investment presented to the world press.

At the press conference, some 60 members of world print, radio, TV, and Internet-based media asked questions of Sagafi-nejad and the Mexico City-based UN staff about the highly-quoted report.

Outward investment

Sagafi-nejad said this year's report looks closely at outward investment of emerging economies.

"This year's report, in addition to updating critical information about the flow of international direct investment, focuses on outward investment from emerging economies. The topic is most timely as many developing countries are joining the ranks of the fastest growing economies of the world, becoming suppliers of investments into other countries.

"Primary among these countries are China, India, Brazil and Mexico. Companies based in these and similarly advanced developing countries are joining the ranks of transnational corporations. TNC's are traditionally large Western countries, but increasingly developing countries are also showing signs of economic maturity, and TNCs in these countries are becoming commonplace. Names such as CEMEX, Bimbo, Hyundai, LG, Samsung, are now household names, and all are Third World TNCs. The report publishes the top 100 such TNCs, and interestingly enough, 10 are from Mexico," he said.

Bias to developed countries

World investment still favors developed countries, Sagafi-nejad noted, but developing countries are attracting considerable investment.

"Our report shows that developed countries received some \$542 billion in investment, while developing countries attracted \$334 bil-



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Pedro Cote of CEPAL, left, U.N. regional office for Latin America in Chile and Tagi Sagafi-nejad from Texas A&M International University speak with reporters at the Mexico City press conference world-wide launch of the United Nations World Investment Report 2006.

lion. The top three recipient countries were the U.K., U.S. and China. South, East and South-East Asian economies remained the largest recipients among developing countries, while Brazil, Chile and Mexico witnessed decreases in Foreign Direct Investment inflows," he explained.

He pointed to some disturbing signs contained in the report, among them moves toward a greater economic role for the state, and shifts in government policies that directly concern foreign investors or industries, such as in the case of natural resources sectors in Venezuela and Bolivia.

"For example, in Venezuela, the Government took control of 32 oil-fields previously under foreign operation. Such signs of heightened risk explain lower levels of FDI inflow that one would expect," he noted.

According to Sagafi-nejad, globalization is the main driver of the process. With more developing countries becoming capital exporters, the nature of the TNC as

a global entity is changing and not all TNCs will be driven by the same forces.

This was the second year in a row that Sagafi-nejad has led the U.N. press conference in Mexico City.

He has been involved with the U.N., especially its United Nations Conference on Trade and Development, the U.N. body that prepares the report, for many years, and is currently writing a book on the role of the United Nations in the study of TNCs.

Sagafi-nejad joined the university faculty in 2003.

For additional information, contact the university's Office of Public Relations, Marketing and Information Services at (956) 326-2180, by e-mail prmis@tamiu.edu, visit tamiu.edu or drop by offices in Sue and Radcliffe Killam Library, room 268.