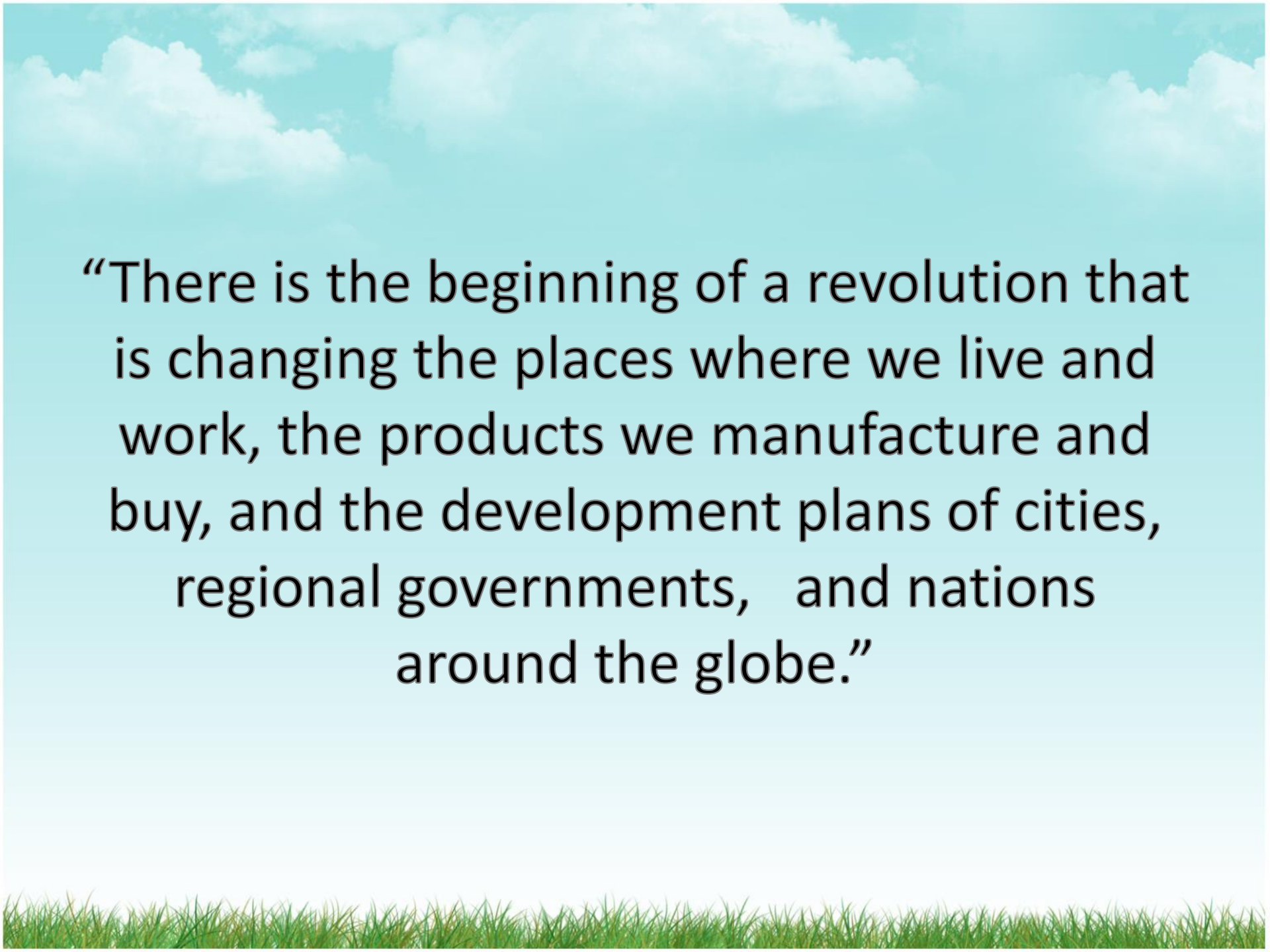




UNDERSTANDING THE INFLUENCE OF INTERNATIONAL ECONOMICS AND PROMOTING THE DEVELOPING COUNTRIES AS THE NEW “ROBIN HOOD” OF FDI - AN INTERNATIONAL MARKETING PERSPECTIVE

Tamara Jovanov Marjanova



“There is the beginning of a revolution that is changing the places where we live and work, the products we manufacture and buy, and the development plans of cities, regional governments, and nations around the globe.”



International Economics and FDI - factors of change in a county's economy



International Economics and FDI - factors of change in a country's economy

Factors of attraction for FDI in the emerging markets

1. Liberalization of FDI regulations in these markets
2. Improvements – telecommunications, transportation, power, water, infrastructure, tax incentives, enforcement of the regulations...

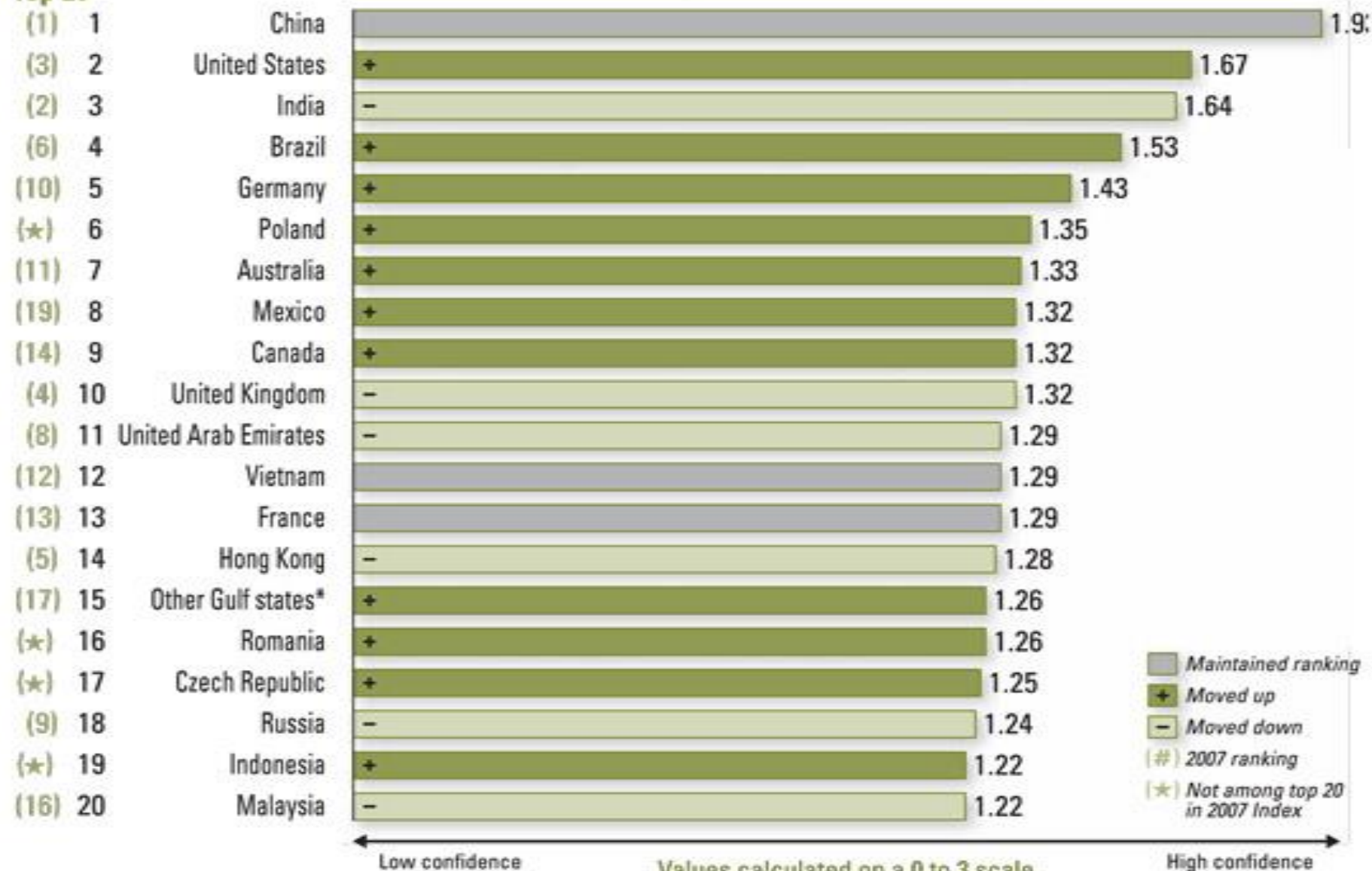
What is really happening and what does it mean???

1. Actions of the MNC's
2. Impact on the host economies

2010 FDI Confidence Index®

EXHIBIT 1

Top 20



*Other Gulf states include Bahrain, Kuwait, Oman and Qatar

Source: A.T. Kearney analysis

The marketing approach to FDI attraction

5 key strategic marketing variables

1. **Product and situation analysis:** Target policy?
Benefits of policy? Business environment?
2. **Positioning statement:** Perception of our product by investors
3. **Target Audience and strategic policy alternatives:**
The most profitable groups of our product
4. **Scope of Distribution and communication:** Process and place where investors can purchase our product and how and where we say our positioning to target audience
5. **Measurement and adjustments.**

FDI promotion policy - solutions

The target group of investors and target sectors that should be pursued

1. Medium sized and large enterprises in neighboring and other closer well developed countries - need for expansion of their production;
2. MNCs - still not present in the region;
3. MNCs - already positioned in the neighboring countries - location for logistic and distribution centers;
4. Companies - already collaborating with the country - new industries or markets.

The concept of promotion in front of the foreign investors

1. **Image building** – IPAs promoting the country through its strengths as attractive location for FDI;
2. **Investment generation** – through direct and more targeted promotion;
3. **Service for investors** – national care in providing services for the foreign investors.

FDI promotion policy - promotion mix



Conclusion

1. Investors' attention - shifting away from developed countries in favour of certain emerging markets.
2. Asia and South-eastern Europe - regions with most favourable FDI prospects.
3. United States - most important source of global FDI flows, followed by the United Kingdom, Germany and China.
4. Industries - computing and ICT, transportation and tourism in services sector; electrical and electronic products, machinery and metals in manufacturing sector; and mining and petroleum in the primary sector.
5. TNCs' mode of entry - mergers and acquisitions.
6. IPAs from developing countries - greenfield investment and nonequity investment - strategic alliances or licensing.
7. Relocation of corporate functions: production in goods and services is the - most likely to be relocated. Next in line - logistics and support services, distribution and sales.
8. IPAs - more targeted approach to investment promotion and the overall mood should be one of cautious optimism.

