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KATALIN VÖLGYI

Centre for Economic and Regional Studies, Institute of World Economics, Budapest, Hungary

FOREIGN DIRECT INVESTMENTS OF ASIAN EMERGING ECONOMIES IN V4 COUNTRIES

Abstract:

This study deals with the outward FDI of six Asian emerging economies (South Korea, Taiwan, Malaysia, Thailand, Indonesia and Vietnam) in Visegrad Group countries. Its main aim is to determine the motives and pull factors for these investments. The investigation is mainly based on company data provided by AMADEUS, and information collected from company interviews and websites, investment promotion agencies, embassies, ministries, and relevant media. The findings show that South Korea is one of the most important non-European FDI source countries for the V4. Of the six Asian countries, the second largest investor is Taiwan. The four ASEAN countries have only small and sporadic investments in V4 countries. South Korean, Taiwanese and ASEAN companies in the V4 have been operating in various manufacturing and services sectors such as automotive, electronics, food, chemical, logistics, finance, real estate, construction, warehousing & storage, IT services, wholesale & retail trade, accommodation, and catering. The study investigates the motives and pull factors for Asian investments only in the automotive and electronics sector which are the most preferred sectors. The evidence shows that market-seeking and efficiency-seeking motivations are behind these investments. The main pull factors of the V4 are the following: free access to the EU market (EU membership since 2004), relatively low-cost production base, skilled labour, government incentives, and relatively developed infrastructure, anti-dumping measure of the EU, and presence of large home-country purchasers of components manufacturers.

Keywords:

FDI, South Korea, Taiwan, ASEAN countries, Visegrad Group

JEL Classification: F21, F23