FOREIGN DIRECT INVESTMENT: HOW BENEFICIAL IS IT?

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ABSTRACT: *In times of financial crisis, many countries have regarded Foreign Direct Investment as a private capital inflow of choice. There is substantial evidence that such investment benefits Host states and Foreign Investors. Over the last quarter century, Foreign Direct Investment has reshaped the global economic landscape with evidence of inward foreign investment stock in both developing and developed economies. Investment indeed drives development. Foreign Direct Investment to the Host state and Investor provides new technologies, capital, new products, management skills, organisational technology, etc. and as such can provide an impetus to economic growth. Countries such as Ghana, Nigeria, China, U.S.A and many others have had a fair share of its advantages. But with every advantage also comes a disadvantage. What is the impact (environmental and economic) of foreign direct investment on the development of a country? How beneficial has it been to states and investors? Should it be encouraged or should an economy ignore its negative effects because it lacks capital? It is however important to assess its benefits and potential impacts whether negative or positive, carefully and realistically. The paper qualitatively and analytically examines the benefits of Foreign Direct Investment, its effects on the development of a country's economy and whether or not Foreign Direct Investment should be encouraged. The paper will find that Foreign Direct Investment is indeed beneficial to both host states and investors, but as to what extent?, is quite controversial, because of the negative impacts that come along with such investments, if FDI's will largely be beneficial to both host states and investors then it ultimately means that, it's positive impacts must outweigh the negative impacts.*

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ABBREVIATIONS

FDI	Foreign Direct Investment
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
HC	Host Country
HS	Host State
ICSID	International Centre for Settlement of Investment Disputes
IMF	International Monetary Fund
MNC	Multinational Company
OECD	Organisation for Economic Co-operation and Development
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States

1. Introduction

Foreign Direct Investment is a major source of capital for most developed and developing countries. It is usually difficult for countries to generate capital through domestic savings and based on their domestic strengths and capacities alone. It is even more difficult to import up-to-date technology from abroad taking into consideration issues of transportation and the technical expertise required for operation, let alone the risk and cost involved. The introduction of FDI has made this a lot easier for many countries around the world. Not only does FDI bring about the introduction of new technology, it also contributes to the general growth of a country's economy. Investing around 35 to 40 per cent of Gross Domestic Product every year increases economic growth by 7 to 8 per cent if not more. Many countries including the United States of America and China have seen a rapid growth in their economy as a result of the massive impacts of FDI's.

During the global financial crisis of 1997 and 1998 foreign direct investment proved to be resilient and remarkably stable in many countries especially in East Asia. It is true that foreign direct investment has many positive impacts on the host state and many benefits to the investor but along comes its very devastating effects and for this reason not all countries encourage it.

The question then is, Foreign Direct Investment is indeed beneficial, but to what extent? For FDI's to largely remain beneficial, especially to host states, it is important for governments to put in the needed regulatory measures in order to prevent the state from being unnecessarily exploited by co-operate giants. These measures include placing limits on shareholdings of foreign investors in national companies, making it a requirement for foreign investors to enter into a joint venture with domestic state enterprises. A case by case review of proposals made by foreign investors among others can be done by state agencies and through legislation. However, in doing this, the government must be cautious not to violate the international law on foreign investment.

In recent years foreign direct investment has been used more as a market entry strategy for investors rather than an investment strategy.[2]Investors have and continue to make more profit from foreign direct investment through the exploitation of natural resources of host states. This paper qualitatively examines the benefits of FDI to host states and investors as well as its effects

[2] Economy Watch, *Benefits of Foreign Direct Investment,* Economy Watch, June 30 2010

on the development of countries. The first chapter of this paper looks at what Foreign and Foreign Direct Investments are, the second chapter explores the benefits of Foreign Direct Investment whiles the last chapter takes a critical look at its impacts.

2. Scope and Definition of Investment

2.1 Definition and Meaning of Investment

Investment is a term frequently used in the fields of Economics, Business Management, Finance,[3] and Law. Though there is no clear cut definition of investment, it may be defined as the spending on capital goods by firms and governments, which will allow increased production of consumer goods and services in future time periods[4]. Investment may mean the commitment of money or capital to purchase financial instruments or other assets in order to gain profitable returns in the form of interest, income, or appreciation of the value of the instrument. It is usually related to saving or deferring consumption.[5] An investment may also mean the choice by an individual or an organization, after some analysis or thought, to place or lend money in a vehicle, instrument or asset, such as property, commodity, stock, bond, financial derivatives or the foreign asset denominated in foreign currency, that has a certain level of risk and provides the possibility of generating returns over a period of time.[6] Before an investment is made it is important for the investor to know the risk involved before any step is taken.

2.2 What is Foreign Investment?

There is no single definition of what constitutes foreign investment. International investment agreements usually define investment in very broad terms. They refer to "every kind of asset" followed by an illustrative but usually non-exhaustive list of assets, recognising that investment forms are constantly evolving. The Convention on the International Centre for Settlement of Investment Disputes, ICSID does not define the term investment. It is, however, possible to identify certain typical characteristics of investment under the Convention which have been

[3] What is Investment at http://finance.mapsofworld.com/investment/ (last visited on 21 December 2012)
[4] What Is Investment at http://www.tutor2u.net/economics/content/topics/investment/why_invest.htm(last visited on 21 December 2012)
[5] *Supra* note 2
[6] *ibid*

increasingly used by arbitral tribunals. These include I) Duration of the project; ii) Regularity of profit and return; iii) Risk for both sides; iv) A substantial commitment; and v) the operation should be significant for the host state's development.[7] The tendency of many treaties in the area of foreign investment, particularly the model treaties drafted by the United States and other capital exporting states has been to broaden the scope and definition of investment[8]. However, foreign investment maybe defined as flows of capital from one nation to another in exchange for significant ownership stakes in domestic companies or other domestic assets.[9] Foreign direct investment may also be defined as a measure of foreign ownership of productive assets, such as factories, mines and land[10] or the transfer of physical property such as equipment or the physical property that is bought or constructed such as plantations or manufacturing plants.[11]

2.3 History of Foreign Direct Investment

Foreign investment was prominent in the Nineteenth century but it mainly took the form of lending by Britain to finance economic development in other countries as well as ownership of financial assets.[12] During the inter war period Britain lost its status as the major world creditor and United States of America emerged as the major economic and financial power. After the Second World War, Foreign direct investment started to grow for two reasons: I) the first was technological, the improvement in transport and communication which made it possible to exercise control from a distance and ii) the need for European countries and Japan to make use of US capital to finance the reconstruction following the damage inflicted as a result of the war. Several other factors favoured the US, however by the 1960's all these factors were weakened to the extent that they gave rise to a reversal of the trend towards growth in FDI. First, various host countries started showing resistance to the US ownership and control of local industries,

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[7] OECD, Definition of Investor and Investment in International Investment Agreements at http://www.oecd.org/daf/internationalinvestment/internationalinvestmentagreements/40471468.pdf (last visited 08 January 2013)

[8] Sornarajah, M., The International Law on Foreign Investment (United Kingdom, Cambridge: Cambridge University Press, 2004).

[9] Foreign Investment at http://www.investopedia.com/terms/f/foreign-investment.asp#axzz2JTM9xq43(last visited 29 January 2013)

[10] *Foreign Direct Investment* at http://ucatlas.ucsc.edu/fdi/fdi.html (last visited 8 January 2013)

[11] *Supra* note 7 at 7

[12] Moosa, A.I., Foreign Direct Investment, Theory, Evidence and Practice (United Kingdom, Basingstoke: Palgrave Macmillan, 2002).

secondly host countries started to recover from the effects of the war and this led to the decline of the net outflow from the US. Britain emerged a major player again.

In the 1980's major changes occurred, USA became a net debtor country because of the low savings rate in the US economy and the restrictive trade policy adopted by the US.[13]

In 1990-1992, FDI flows fell as growth in industrial countries slowed but a strong rebound subsequently took place and this was because FDI was no longer confined to large firms as an increasing number of small firms became multinational, the sectorial diversity of FDI broadened and the number of countries that were outward investors or hosts of FDI rose considerably.[14] In 1998 and 1999 some changes were introduced to host governments' policies on FDI strengthening the trend towards the liberalization, protection and promotion of FDI (UNCTAD 2000).[15]

2.4 Foreign Direct Investment and Foreign Portfolio Investment

Foreign direct investment is a type of investment usually carried out at international level; foreign investors acquire a stake in a state enterprise in a foreign country with the realization of long-term goals in the enterprise. FDI may also mean the investment made by residents of one country in a firm present in another country and in some cases acquire a joint venture with the foreign firm. The balance of payment manual of the International Monetary Fund (IMF) defines FDI as "an investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investors' purpose being, to have an effective voice in the management of the enterprise."[16]

Foreign Portfolio Investment involves investments in financial securities such as stocks, bonds, debentures among others with the intention of acquiring a financial gain by the investor. FPI decreases the gap in foreign exchange for developing countries, however factors such tax rates, interest rates and exchange rates affect FPI's. FPI aims at short term benefits and offer an easy

[13] *Ibid* at 17
[14] *Ibid* at 17
[15] *Ibid* at 18
[16] Sukumar, S., *Difference Between Foreign Direct Investment and Foreign Portfolio Investment* at http://www.buzzle.com/articles/difference-between-foreign-direct-investment-and-foreign-portfolio-investment.html (last visited on 23 December 2012)

escape route compared to FDI. An investor can easily withdraw from an FPI when he has achieved his target or when the economic standing of a country is no more favourable to him. Investors of FPI are less interested in the control; and management of a firm in which they invest in. Bigger risks are involved in FPI because investors or foreign shareholders may not be able to sue public entities in which they invest their money unless they hold these shares through treaties. Calculations of FDI and FPI are determined by the yearly amounts of investment as stock. India benefits more from FPI's than FDI by other countries. Countries such as the USA, Singapore, UK, China and Hong Kong are big investors who hold a considerably large percentage of foreign investments.

In a nutshell, FDI and FPI help to strengthen the economic potential and domestic capital market of a country whose regulatory structure[17] is stable and without faults.

3 Benefits of Foreign Direct Investment

3.1 Foreign Direct Investment and its Relevance

Developing countries continuously need investment for development. These investments maybe gotten from public or private funding, however the amounts required may usually be above the available capital within the boundaries of a country. FDI becomes a relevant source of capital for projects needed for the development of emerging countries. This need for the flow of financial capital in a country's economy has become relevant to the extent that governments have occasionally reshaped political decisions and policies to attract FDI. Empirical studies have shown that, developing countries opened to FDI have a higher growth rate than those not opened to it. Countries interdependence on each other's economy through globalization has in the past three decades shown a clear acceleration.

Foreign direct investment has been relevant in the area of technology with the transfer of general knowledge of specific technologies in production and distribution. Through FDI the labour force of host countries have gained experience in modern management of firms etc. Improvement in the quality of products in particular sectors and enhancement of better human resource has been

[17] Regulatory Structure is a system of regulations and the means to enforce them, usually established by a government to regulate a specific activity- see what is regulatory structure at http://www.qfinance.com/dictionary/regulatory-framework (last visited 8 January,2013)

achieved by many countries through FDI. The creation of jobs leading to reduced unemployment is one area that cannot be overlooked. Countries also have easy access to new goods and services as a result of FDI. FDI breaches the gap between countries' internal savings capacity and the funds it requires for growth. Long term investments in assets ensure a long lasting and stable inflow of capital to developing countries. Due to the competition brought in by FDI, companies in host countries become more productive with the aim of countering the threat posed by foreign competitors. Not only does FDI benefit host states, it is also beneficial to the investor and the home state of the investor through the profit the investor makes from the investment. It also establishes a good relationship between countries involved in the investment.

The relevance of foreign direct investment is evidently seen in the rapid growing economies of China, USA, France, Germany, Italy, Japan, Canada and South Africa among others. In 2011 the US had the highest level of inflows ($227 billion), followed by China ($124 billion), Hong Kong ($83 billion), Brazil ($67 billion) and Singapore ($64 billion).[18] Levels of foreign direct investment (FDI) and inward investment are frequently cited and analysed for their effect on an economy. Flows of investment between countries reached a high level of $1.9 trillion in 2007 but fell in 2009 and 2010 due to the slowdown in world economy. In 2011, FDI flows rose by 16% compared to 2010's $1.5 trillion with flows estimated to about $1.6 trillion in 2012.[19] The UK had FDI inflows of $53 billion in 2011 - a growth rate of 7% over 2010.[20] This empirically shows that foreign direct investment is indeed relevant to most developed and developing countries.

3.2 Benefits of Foreign Direct Investment to the Host State.

One of the most crucial aspects of FDI is its contribution to the economic growth of the host country. This contribution is important and is one that is naturally expected by any host state especially developing ones. In the last few decades, countries have been competing with each other for the purposes of attracting foreign investment (FDI), this is so because of the vital contribution it makes to the general growth of economies. Not only do FDI's offer stable

[18] Allen, G. and Dar, A., *Foreign Direct Investment* at www.parliament.uk/briefing-papers/sn01828.pdf (last visited 29 December2012)
[19] UNCTAD, *Global Investment Report*, p iii 2012
[20] *ibid*

financial flows but also their long term commitments to host states assures them (host states) of regular capital inflow

Access to new and modern technology is possibly one of the most important reasons why a country would want to attract FDI. Multinational co-operations who invest in host countries bring in new technology which otherwise host countries cannot produce themselves. Nationals of the HC are exposed to new and easy ways of increasing productivity and this in turn makes it easier for people to have access to products. Local firms, through the introduction of external economies also gain indirect productivity. Technological spill overs[21] occur as a result of the influence that is transferred from foreign investors to HC's. These spill overs come into existence in some cases, due to the increased degree of competition in the markets of HC's which in turn forces existing inefficient local firms to be more productive.

Aside the technological benefits, FDI's create employment opportunities for the nationals of the HC. Workers are paid higher salaries and this enables them to have an improved lifestyle. New industries are created leading to the increased development in manufacturing and production. FDI improves and enhances the export resources of HC's. Research has proved that, countries that get FDI from international organisations have lower interest rates, hence their exported products are much cheaper and this enhances exports.

The higher income generated through taxation in HC's is mostly as a result of FDI. The benefits of FDI to host countries can be attributed to the Pro-foreign investment (Neo classical) school which argues that FDI adds new resources, capital and improves the marketing skill of nationals of the HC. It also creates jobs and enhances the effective use of natural resources among other things.

Indeed, the fact that host countries benefit a great deal from foreign direct investment cannot be disputed but along these benefits also comes its disadvantages and this will be examined in the next chapter.

3.3 Benefits of Foreign Direct Investment to the Investor.

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[21] Technology spill overs are the beneficial effects of new technological knowledge on the
Productive and innovative ability of other firms and countries. See world economy technology spill overs at http://www.econ.ucdavis.edu/faculty/gperi/non_refereed/tech_spillovers.pdf (last visited 8 January 2013)

For countries that make direct investments in other countries, FDI gives them the opportunity to explore new global markets, hence, generating higher profits and incomes through the production and sale of their products and services in the host states domestic markets. Investors from foreign countries take advantage of the natural resources available in abundance in another geographical location, other than theirs and at cheaper prices in some cases. If these natural resources are efficiently utilized and managed by these foreign investors it may decrease their costs and increase their price competency.

Economies such as the US and UK who have invested in the robust[22] domestic markets of countries such as China and India have had access to their markets and are able to easily sell their products. Aside the exposures to new markets, foreign investors are also exposed to new countries and their relatively different economic cycles. The more investors invest in different economies, the more they become diversified, hence, minimising their operational risks. This then means that if a multinational company invests in more than 30 countries and 10 countries out of that 30 face economic crisis leading to a reduction in profit or losses to the MNC, it can offset the losses from the profit made from the 20 other countries.

Lastly foreign direct investment enhances the relations between host countries and investors when there is a good amount of investment flows which are of importance to the host country and the investors as well their home states.

Some researchers have argued that foreign direct investment may not always be beneficial to investors because of the series of expropriation and nationalisation of host state governments, while this is a fact; others also argue that before these events occur the foreign investor would have made its profit and recovered any cost incurred during the lifetime of the investment. For investors to ensure that their investments are secured, any agreements signed between them and the host countries must be one that ensures stability and is covered by international law.

[22] Robust domestic markets are markets that cannot be penetrated easily because of the sturdy and strong nature of the market India and China have been said to have such markets.

4 Impacts of Foreign Direct Investment

4.1Foreign Direct Investment and Its Disadvantages (Host State and Investor)

The many benefits that FDI brings to host states and investors are advantageous to development but the fact still remains that there are certain cons that come along with these benefits. These cons affect countries in varying degrees and are dealt with differently, depending on the country.

For investors, FDI's may be very risky. Political situations in some countries may and can change instantly. The investor may suddenly find his investment in ruins due to political factors; hence the political risk factor is always a threat to investment. Political changes may also lead expropriation[23]. The cultural differences that exist between countries maybe a disadvantage due to the different beliefs and ideologies people have. Because of the differences in ideologies and philosophies of both countries (host state and investors home state} disagreements may arise and if this is not properly handled by both parties the investment may become a failure. In some cases investors may lose their national identity in the process of dealing with interferences from people (nationals of the host state) who do not understand the interests of the company. It is therefore important that investors prepare for the worst when entering into investment agreements with host states.

For the Host country the cons of FDI's may affect areas such as the environment, economy, human rights of nationals etc. Whiles FDI's increase development in host countries through technological transfers and improvements in productivity, critics have raised concern over these "so called benefits" of foreign direct investment. This is based on the rationale that the host county's long run balance of payment position is distorted when the investor recovers its initial costs or outlay. Once investors start making profits on investments, it is unavoidable that capital returns from the host country goes to the home country of the investor.

Too much ownership of companies by foreign investors can also be a concern to the HC especially in strategically important industries where sophisticated investors tend to strip local companies of their value rendering them bankrupt.

[23] Expropriation is a means adapted by a host state to undermine the viability of an investment.

In many cases the human rights of nationals are abused by these investors because they feel they have rights over natural resources and do not consider the effects their activities may have on nationals of host countries. According to the Dependencia school of thought, foreign investors soak up the local capital of host countries rather than bringing in new resources. They also argue that inappropriate technologies are used by investors in Host countries which should not be the case.

Host countries, especially developing ones cannot do away entirely with FDI since it is an important tool for economic growth, however certain regulatory measures can be put in place to properly check the activities of foreign investors.

4.2 Foreign Direct Investment and Environmental issues

One of the reasons why foreign investors, especially multinational companies choose developing countries as their location for investment is because some developing countries have less strict environmental laws and damage requirements. Some governments go to the extent of inflicting damage on the environment in a bid to attract foreign direct investment. A number of researches have been conducted on the possible effects of FDI on the environment, however a consensus view on whether FDI is good or bad for the environment has still not been reached. The 1999 Organisation for Economic Cooperation and Development's[24] publication of FDI effects on the environment explores host countries role in implementing strict policies to ensure that projects proposed by foreign investors are environmentally sound. It was argued that, FDI's are good for the environments of developed countries compared to developing countries and for this reason, the OECD specifically encourages investors especially MNC's to provide information on the impact their activities might have on the environment and also to consult communities that may be directly affected by these activities. Some countries require that the environment be restored to its original state after investors have carried out their activities. Other states have governmental agencies that require that an Environmental Impact Assessment is undertaken before any license is given to, for example, an oil company seeking to explore or develop an oil field. Such agencies include the Department of Business, Enterprise and Regulatory Reform

[24] The OECD is an organisation that sees to the promotion of policies that improve the social and economic wellbeing off people around the world. See OECD's mission at http://www.oecd.org/about/ (Last Visited 7 January, 2012)

(BERR), the Marine Coast Guard Agency among others. The Macondo Oil spill (in the Gulf of Mexico) which occurred in 2010 is by far one of the largest accidental marine oil spills in the history of the oil and gas industry and its impacts on the environment is quite massive.

A number of the physical impacts that FDI's can have on the environment include: loss of archaeological and cultural heritage sites which nationals hold close to their hearts, loss of biodiversity[25], destruction of habitats for animals, soil erosion, removal of vegetation, land scars, danger to livestock, noise and vibration effects, land, air and water contamination, health and safety risks as a result of the use of explosives among others.

The environments of countries such as China, Ghana, Mali, Zambia, Tanzania, Kenya and South Africa to a certain extent, have suffered these negative impacts in a bid to develop their economies. The necessary environmental regulations must be put in place to ensure that these effects are controlled to a large extent.

4.3 Foreign Direct Investment and Economic Growth

Economic growth and development theories usually focus on the increase in real per capita income in relation to increase in major factors such as capital accumulation, technological progress, population growth and the discovery of new natural resources. However the driving force behind faster growth is capital accumulation. It is reasonable to say that capital accumulation through FDI must be capable of influencing economic growth.

Technological progress as a result of foreign direct investment plays an important role in development. Recent growth highlights the dependence of economic growth on the state of technology available to host countries. The adaption and implementation of new technologies used in leading countries speed up development.

The contribution of foreign direct investment to host countries economic growth has been the subject of intense debate over the last few years. However for FDI to positively affect economic growth it is important for host countries to have a certain degree of political and social stability as well as openness to trade. FDI's must be good catalysts for economic growth and serve as

[25] Biodiversity is the variety of species, their genetic make-up, and the natural communities in which they occur see What is Biodiversity at http://www.pabiodiversity.org/whatisbiodiversity.html (last visited 8 January 2013)

compliments to local firms rather than substitutes. Nevertheless FDI may stunt economic growth by reducing investment opportunities for local investors. Positive knowledge spill overs maybe restricted because MNC's will want to protect their firm- specific knowledge. These factors have been the scope for large empirical literature on the benefits of FDI on economic growth.

The standard procedure to test the impact of FDI on economic growth in developing economies is to perform cross country analysis in which the lagged growth rate of gross domestic product (GDP) per capita is related to the FDI-to-GDP ratio. The results of such empirical studies are mixed and depend on the explanatory FDI variable used. The estimated coefficients for the impact of FDI on economic growth range from significantly positive, in the case of FDI flows (Ram and Zhang,2002),over insignificant, if only the exogenous component of FDI flows is used (Carkovic and Levine, 2002), to significantly negative in the case of FDI stocks (Dutt, 1997).[26]

4.4 Countries involved in Foreign Direct Investment

Over the last few decades countries such as Germany, France, UK, US, Japan, China, Ghana, Nigeria, South Africa, Zambia, Mexico, Australia, Ireland, Poland, Netherlands, Hong Kong, Chile, Portugal, Spain, Brazil, Switzerland, Denmark, South Korea among others have been involved in FDI. One cannot dispute the fact that the countries, developed or developing have had a substantial degree of economic growth through foreign direct investment. Some of these countries have to some extent put in the necessary regulatory measures to control activities of foreign investors. Because of the stability that some countries provide, it has been proved that they attract foreign direct investments more than those countries that provide less stability.

While many other countries have closed their doors to foreign direct investment because of its negative impacts, others have widely opened theirs and realised the gains to the extent that the negative impacts are sometimes ignored. However countries that do not encourage FDI's may have slow economic growth than those who do.

[26] Nunnenkamp, P., and Spatz, J., *FDI and Economic Growth in Developing Economies: How Relevant are Host-Economy and Industry Characteristics* 13 JUNCTAD 55 (2004)

4.5 Why some Countries do not encourage Foreign Direct Investment

Some developing and developed countries have in many ways tried to restrict and resist foreign direct investment because of the concerns in political and economic influence as well as the sentiments of nationals. One reason for these sentiments is that many developing economies with a history of colonialism fear that the introduction of FDI may bring about a form of modern day colonialism leading to the limitation of sovereign powers of host governments and leaving their resources vulnerable to exploitation by foreign countries. Though there is a certain measure of truth in these facts, host governments can control these effects of FDI if they are properly checked.

4.6 Should Foreign Direct Investment be encouraged?

The issue of whether or not FDI's should be encouraged entirely depends on the interests of both the investor and the host state, that is what both parties hope to achieve at the end of the agreement and whether or not they are ready for its consequences.

5. Conclusion

The issue of whether FDIs are wholly beneficial to host countries and investors remains a controversial one. There is no doubt that FDIs provide mutual benefits to both states and the investors involved, these benefits are not automatically realised unless certain conditions have been satisfied in order for them to materialise[27], parties need to tread cautiously to maximise the required benefits, especially on the part of the host nation. As stated in the previous chapters FDI has proven to be a source of growth and development for many countries yet still its negative impacts cannot be ignored. Whether or not FDI is beneficial to host countries and investors depends on what positive effects they have and whether or not these positive effects outweigh to a larger extent the negative effects that foreign direct investment brings.

Irrespective of the positive outcome of the paper, it also has certain limitations as a result of its scope: it was unable to critically explore the effects of FDI's on other aspects such as the Human Rights of Nationals and Investors, Health, Social effects among others. These limitations can be a platform for further research.

[27] *Supra* Note 10 at 98

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