

Subject/Title	Trends and Impacts of Taiwan's Outward Direct Investment Since 1990
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Abstract	<p>Taiwanese firms have been actively engaging in outward foreign direct investment (OFDI) since the late 1980s. Developed countries, including Japan, North America, Europe, Australia, and New Zealand, began losing importance as recipients of Taiwanese OFDI in the early 1990s in contrast to less developed countries. Before restrictions on cross-strait investment were eased in 1991, Southeast Asian countries were the main recipients of OFDI from Taiwanese manufacturing. China, however, has become the most popular destination among LDCs since 1990s. The share of China in the total accumulated FDI outflows has increased dramatically from 42% during the 1990s to over 60% during the 2000s. Regarding the FDI outflows from Taiwan by sector, the importance of services sector increases and Taiwanese OFDI has been becoming more capital- and technology-intensive.</p> <p>This paper uses industry-level panel data from the Taiwanese Industry, Commerce and Service Census for 1986, 1991, 1996, 2001, 2006 and 2011 to investigate the impact of OFDI on the domestic production, export and investment. The empirical result reveals that the impact of OFDI on the performances at home is ambiguous, depending on the location or the type of OFDI. For example, OFDI may have a negative effect on domestic export if a firm invested in the low-wage countries, while OFDI may be positively related to domestic export if a firm invested in the developed countries. In addition, the OFDI of capital-intensive industry is more likely to replace domestic investment than labor-intensive industry.</p>
Keyword(s)	Foreign Direct Investment, Outward Investment, Domestic Investment, Production, Export