Summary of Thesis

Title of PhD thesis: Japanese Foreign Direct Investment (FDI) in South Asia
Necessity and Rationale for an Evolving New Role
Shouldered by Multinational Corporations (MNCs) in the Challenging Epoch of Globalization

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Executive Summary:
While in the whole scenario of contemporary Asia-Pacific’s economic miracle, Japan’s evolving catalytic role has greatly been appreciable, ironically in this region’s vibrant landscape, the only backward sub-region that has not yet kept pace with this changing trend is South Asia, comprising the following seven member states of the South Asian Association for Regional Cooperation (SAARC): India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives. Admitting that Japan has been a long “trusted, tested and dignified” development partner to the region, and today with its enormousness of official development assistance (ODA), Japan has become the most decisive factor for all the South Asian countries as a matter of their national interests, considerable progress still has not taken place in the key economic realms of trade and investment. In particular, the share of this region in Japan’s staggering amount of foreign direct investment (FDI) outflows is too lukewarm and small to merit much attention, whilst since mid-1980s, Japanese multinational corporations (MNCs) had been the “lead goose” in the “flying geese paradigm,” which spurred an unrivalled economic development of some East and Southeast Asian nations.

It is true that most nations of South Asia have already tried their best to attract Japanese investors and entrepreneurs by offering a package of incentives and facilities. But, the reality is that they have not yet shown synergy through moving forward with their investment resources in this region. Likewise, there has always been a huge trade deficit on South Asia’s part in its business with Japan, whereas Japan holds a notable position in South Asian trade. Notwithstanding, whilst in a dynamically changing Asia, South Asia has geo-strategically risen in significance in terms of the breadth of Japanese foreign policy initiatives, and it desperately needs Japan’s utmost help so that it can be able to sustain the global competition in the new millennium, very unfortunately the region’s tarnishing image abroad intrinsically caused by poor governance and political instability weighs more heavily against all its positive but not properly harnessed potentials. Furthermore, in the face of the present-day world economy, when integrated cooperation among the South Asia’s developing economies has become vitally urgent, the subversive impulses of globalization have in practice spearheaded the concept of interdependence.

Against this crux, this dissertation strives to critically analyze the exigent challenges confronting South Asia in captivating an optimum proportion of FDI flows made by Japanese MNCs, and to explicitly pinpoint the practicable directions that might be taken into account when deepening and diversifying cooperation of Japan as an investment partner with the region in the drive toward the latter’s industrialization and economic growth in the years ahead. This thesis articulates hypotheses drawn from “organizational dynamics” and the theories of “sustainable development” and “globalization.” The two key hypotheses of the research are: First, considering South Asia's growing geo-strategic weight in the newfangled scenario of Asia, the relative prominence of “geographical distance” and “cultural proximity” as the predominant determinants for location choice of Japanese MNCs in South Asia might diminish, and they will be more inclined to boost their ever-greater ventures into the region; and Second, despite enormous skepticisms about the operation of multinational firms, as FDI by MNCs has been bringing remarkable prosperity to the host countries through multifarious ways during over several decades, its tremendous benefits might equally be valid for the low-income and low-saving economies like the South Asian ones that are really coping with a plethora of hurdles at the interface of economic globalization. The study adopts a macro approach, and to present the nature and extent of Japan’s role in the South Asian region, analyses covers India to some extent, while presenting a case study from Bangladesh.

Although there exists a few publications on the overall aspects of “Japan-South Asia relations,” there is no comprehensive research based on a more sophisticated documentary analysis conducted by any scholar emphasizing this theme. Hence, this academic research, which seeks to redress this lack, is a unique and pioneering work of its kind. Furthermore, the dissertation, which contributes to the empirical research in the field of international development cooperation, merits priority and significance, as it offers some useful findings that have salient policy implications for the benefits of both concerned people.

Keywords: FDI, MNCs, Japan, South Asia, Bangladesh, geo-strategic location, sustainable development, economic globalization

[A 700-word executive summary]