

The Internationalization of Firms: Some Lessons from ASEAN Firms

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Abstract

In the last 50 years the debate on the development of international business remained unsettled, especially that concerning the establishment of multinational firms from developing countries. Using the Ownership Locational Internalization (OLI) Model this paper examined the formation of multinational firms from ASEAN countries. We found positive similarities in the advancement of the firm's specific ownership advantages such as skills, management know-how, R&D and technological capabilities. Unlike the firms from developed countries, the firms from developing countries adopted local elements in their products and services.

Keywords: *Multinational firms, ownership locational internalization, newly industrialized countries, less developed countries.*

Introduction

Multinational firms once seen as the product of the advanced industrial nations are now found arising in so-called newly industrialized countries (NICs) and the less developed countries (LDCs). Evidence of this can be found in the Fortune Annual Survey of The 500 Largest Industrial Corporations (Fortune, 2015). While the geographical origins have changed, the characteristics of the international business operations have remained unchanged. Most typical is the nature and size of their sales. The sales recorded by some multinational corporations can go into billions of US dollars, often far more than the gross national products attained by some countries. Table 7 shows the list of the global biggest corporations for 2015. For example, the sales recorded by Wal-Mart Stores for the year 2015 was USD 483 billion (Fortune, 2015).

This sum does not come from a single activity or production of a single product but comes from a wide range of operations. This multi-product approach and the development of new products is a new phenomenon of multinational firms. It contrasts with the traditional single product company usually extracting raw materials to supply the parent company. A good example of this diversified multinational is Samsung whose its recorded sales were USD 308 billion in 2014 (Fortune, 2015). Samsung produces electronic and electrical equipment

and accessories. In the case of ASEAN multinationals, Sampoerna, Sime Darby and Siam Cement are among the significant competitors in the global markets even for fairly technical non-labor intensive products and services (Nikkei, 2016).

Nevertheless, much of the analysis and debate over the impact of the multinational corporations remain mostly theoretical, as there are relatively few empirical studies on the impact of the multinational corporations on a particular regional economy. One of the reasons for this is the absence of adequate theoretical understanding of the framework of multinational corporations (Mohamad & Mohamad Hanapi, 2012). The aim of this paper is to highlight the contribution of the multinational corporations on regional trade and the economic development of ASEAN. In particular, our main focus in this paper is to examine whether the upsurge in trade holds good in explaining the types of international market entry and the development methods currently being undertaken by firms in ASEAN. This paper also attempts to identify the pattern of international involvement of the ASEAN firms in the future given the recurring complexity and dynamism of international business. This paper is organized into five sections. Section two analyses in general some salient features and performances of the world trade and the ASEAN corporate performances. Section three highlights the internal organization and corporate entity of multinational firms. The main objective of this section is to present the current thinking concerning the theoretical explanation of the multinational firm. Section four provides a detailed description of the investigation. Finally, section five provides the conclusion of the paper.

World Trade and ASEAN Economy

Historically, international business activity initially took the form of exporting and importing. Exporting is the selling of products made in one's own country for use or resale in another country. Importing is the buying of products made in other countries for use or resale in one's own country. Table 1.0 presents a number of comparisons between international trade flows during the post-World War II period and those that have been occurring most recently. For instance, world trade flows were recorded at USD 62 billion in 1948 and maintained a fairly progressive growth in their aggregate trade flows up until the 1970s. By 1983, world trade flows were USD 594 billion and by 2014, world trade recorded USD 18494 billion. The United States in particular was as the major player in international trade but China took over as the main exporter in 2014 having a share of 12.3 % of the world total export. While the US was still dominating as the world importer, China had increased her share of the world total import to 10.3 % (WTO, 2015).

Another interesting feature of the global trade is the expanding volume of trade in various highly aggregated industrial sectors. The huge shift in the composition of trade in the 1980s was toward manufacturing goods and in the 1990s toward minerals and away from other industries. Trade in minerals accounted for about 17 % of the total trade in the 1980s, but for about 30 % of the total trade in the 1990s, after the two major OPEC price hikes.

Manufacturing decreased from about 61 % of the total exports in 1970 to about 55 % of the total export in 1980. The original relationship was re-established approximately in 1985 due to the oil price decline, and it continues until present (WTO, 2015).

The second major form of international business activity is international investments. International investment is movement of capital which is supplied by the residents of one country to residents of another country. This type of investment is divided into two major categories (Mohamad & Mohamad Hanapi, 2012). The first type is foreign direct investment (FDI). Foreign direct investment is investment made for the purpose of actively controlling property, assets, or companies located in host countries. The stock of foreign direct investment stood at USD 1.23 trillion in 2014 (UNCTAD, 2015). Traditionally, the United States accounted for about half of the total investment during the period after World War II, however, the total investment declined to less than 40 % by 1983. After rebuilding their economies from war damage, both German and Japanese firms showed the most rapid growth in FDI during the post-war period. In fact, both of the traditional powers of the early 20th century, the United States and the United Kingdom, shown a decline in their shares of global FDI, though firms from both countries continue to invest abroad and their FDI shares still lead compared to those of other countries. FDI undertaken by less developed countries accounted for less than 10 % of the total investment reported during the period. In terms of major economic areas, the industrialized countries dominate world trade, accounting for about 68 % of the world trade in recent years. Details of trade on a regional basis are provided in Tables 2 and 3. These tables also show the relative importance of the European Union, the United States and Japan in terms of both imports and exports. Among the developing countries the tables show that Asia accounts for well over one-half of their imports and exports, while the Western Hemisphere and the Middle East each account for 15 % or less of developing country trade.

In the case of the Association of Southeast Asian Nations (ASEAN) which has a population of about 500 million people, the transformation of global trade which had occurred in the developed countries over the decades, also had considerable impact on their economies. As ASEAN is moving towards a comprehensive single market by 2020, ASEAN countries have been restructuring their economies by adopting economic policies that have fostered exports and inward foreign investment. The fluctuation in commodity prices and the expanding markets of the United States and the European Union compelled the ASEAN countries that had been dependent on those products for export revenue, to promote more diversity in their economic structure. Structural change has transformed their economic profiles from being exporters of agricultural commodities and unprocessed goods to become exporters of light manufactured goods. Besides, Northeast Asian investment has contributed to Southeast Asia is rapid growth in order to take advantage of its large supply of cheap labour to manufacture goods. The ASEAN economies of Singapore, Malaysia, Thailand, Philippines and Indonesia have benefited most. Table 4.0 and Table 5.0 provide data on the total trade of the ASEAN countries. Total trade for ASEAN was recorded at USD 2523 billion while the flow of capital stock was 2.8 % of the total foreign direct investment flow (UNCTAD,

2015) In Malaysia, inflows of foreign direct investment have contributed around 20 % of gross domestic capital formation and provided access to improved technological production and export markets.

Economic growth in Southeast Asia is projected to grow moderately at 6% throughout this decade (WTO, 2015). The Philippines has surpassed the difficult years of the 1980s and 1990s in the process of attaining modest economic recovery (WTO, 2015). The peaceful presidential election will rebuild the people's confidence in political stability and effective economic management. Foreign investment will pour in to take advantage of cheap labour. The structural reforms implemented in recent years and the lifting of the import levy should also help to stimulate the economy. However, the success of the economic recovery will also be heavily dependent upon improvement on the shortage of electricity and other physical infrastructure. Therefore, once the government is able to overcome these constraints, continuous rapid growth is expected to take place in the next decade.

If there is no further major political crisis, the growth momentum of Thailand is expected to be maintained over the next few years though at lower rates than in the previous years. The major stimulus to growth will continue to come from the export of goods and services along with an increase in private and public investment in transportation and communications. However, the shortage of skilled workers coupled with the infrastructural bottlenecks could adversely affect the inflow of foreign investment and could exert upward pressure on inflation.

In Malaysia, economic growth continued to register positive growth. Domestic demand has become a more important force in the economy as incomes rise gradually. New inflows of foreign direct investment may be achieved by measures such as special levy on foreign workers in key economic sectors and the implementation of good and service tax.

The prospect for Singapore is economy remains bright with an average growth of 4.5 % and the manufacturing and service sectors, namely the financial business will remain as major contributors to the rapid growth. In the case of Indonesia, the country is potential growth prospect for future years also remain bright. The worries of the 2015 national elections are over and the government is now seriously concentrating on improving the management of the economy. Contribution from the non-oil sector should remain the major source of growth.

Several factors have contributed to the growth of international business: market expansion, resource acquisition, competitive forces, technological changes, and changes in government trade and investment policies. Market expansion is the most significant catalyst for international business growth. As the productive capacities of firms' factories outgrow the size of their home markets, firms often internationalize their operations to seek new marketing opportunities. In many smaller market economies, such as Singapore, Switzerland and Netherlands, firms quickly recognize that they had to look beyond national boundaries if they were to continue to grow. The home country market is too small. Nestle started shipping milk to 16 different countries from as early as 1875.

Competitive forces also spur growth in international business activity. Because of the economies of scale and the financial strength that comes with larger organizational size, smaller firms often have difficulty competing with larger ones. Thus, when a firm's competitors begin to grow by expanding into new foreign markets, the other firms may have little choice but to follow suit. For example in the late 1990s, Heinz, a US food processing firm, decided to increase its international presence because the company felt the need to keep up with its primary competitors such as Nestle, Kellogg and Philip Morris by setting up operations in several foreign markets.

Technological changes- particularly in communications, transportation, and information processing- are other important drivers of growth in international business activities. The increasing usage of computers to rapidly handle and process vast quantities of information allows firms to manage offices and factories located in every corner of the globe. Changes in communications technology, such as the manager in a Tokyo office will be able to receive reports from colleagues in Amsterdam, Abidjan, and Auckland in minutes rather than days. These advanced technological equipment make managing a business far easier today than in the past and hence have facilitated expansion into international, markets.

Finally, changes in government trade and investment policies have expanded growth opportunities for international businesses. Economic liberalization measures in many countries in the region saw the structural changes in their economies. In the past 40 years, countries have negotiated reductions in import tariffs and eliminated barriers to FDI within their borders. Many of the reductions were negotiated through World Trade Organization (WTO) agreements and more recently the Trans Pan Pacific Agreement (TPPA) and many other multilateral trade negotiations. To date many of the international trade discussions had been turned into agreements which consequently saw the expansion of international businesses which have become more important to the world's economy.

International Market Entry and Development Mode

In the last 40 years, starting from the seminal thesis of Stephen Hymer (1976), there have been great advances in understanding the economics of the multinational enterprises. However, the general theory on the formation of multinational corporations remains unsettled. The theories on the development of multinational corporations cover three broad areas: the ownership advantage paradigm, the location advantage model and the internalization of imperfect market paradigm. Among the remarkable contributions to the field were Vernon (1966), Kindleberger (1969), Caves (1971 and 1974), Dunning (1980), and Buckley and Casson (1976). The general preposition originating from the work of these authors (Hymer, 1976, & Kindleberger, 1969) was that companies must possess some form of quasi-monopolistic advantage in order to compete in an overseas market against domestic firms possessing local knowledge and the advantages of local nationality. On the other hand, Caves (1971) and Dunning (1980) drew attention to the nature of what is now called the

ownership-specific or firm-specific advantages of foreign enterprises, such as technology and marketing skills, organization and production management, financial variables, size and oligopolistic behavior as the tools that enable firms to operate in the international markets. In the case of multinational firms originating from developing countries, studies on technology exports by Diaz Alejandro, Lecrew and Wells were of significant importance (Lall, 1976). These studies were conducted to investigate the nature of the third world multinationals (Lall, 1976). These studies though did not explicitly focus on the process of the domestic technological development which underlies technology export or which links up to the general idea of international technology flows, were able to distinguish the nature of technology transfers from developing countries. In essence, these studies were able to address the inappropriateness of the developing countries to continuously become passive buyers of inappropriate technology from the west, hence, ensuring the need to have South-South technological co-operation in light of the growing multilateral trade among developing countries.

Westphall (1979) gave insight of the South Korean experiences which stressed on the new mechanism and perspective in promoting international business. These insights demonstrated how learning processes which occur in highly dynamic outward-looking economy will enabled transformation of economic policies thereby giving rise to different revealed comparative advantage that a country can enjoy and allowing the country to increase the extensive use of the export components.

In choosing a mode of entry, Dunning's eclectic theory (1980) suggests that the factors that affect the choice among the entry modes is the extent of a firm's possessing ownership-specific advantages, location advantages or internalization advantages. These advantages must be considered within the whole context of the firm's needing to have full control of the operation, the availability of factor resources and the overall firm's global strategy. Ownership advantage refers to resources owned by a firm that grant it a competitive advantage over its industry rival (Mohamad & Mohamad Hanapi 2012). These firm-specific ownership advantages may be tangible or intangible. For example, the ownership by Toronto-based Inco Ltd., of rich nickel-bearing ores has allowed the firm to dominate the production of both primary nickel and nickel-based metal alloys. Assuming that local firms know about their home turf than foreigners do, a foreign firm contemplating entry into a new market should possess some ownership advantage in order to overcome the information advantage of local firms. The nature of the firm's ownership advantage also affects the selection of the entry mode. Embedded technology, for example, can best be transferred through an equity mode, while a simple technology is perhaps more suitable compared to a licensing mode.

Location advantages are another factor that affects the desirability of host country production relative to home country production. Firms routinely compare economic and non-economic characteristics of the home market with those of the foreign market in determining where to locate their production facilities. If home country production is found to be more desirable than host country production, the firm will choose to enter the host country market via exporting. For example, Siam Cement, one of the world's lowest-cost producers, has relied

on exports from its modern Thailand factories to serve the Cambodian, Vietnam and Laotian markets rather than setting up production facilities in those countries (WTO, 2015).

The desirability of home country versus host country production is affected by many factors. Relative wage rates and land acquisition costs in the countries are important considerations, but firms may also consider surplus or unused capacity in existing factories, usage of R&D facilities, logistical requirements, the needs of consumers, and the additional administrative costs of managing a foreign facility. Government policies can also have a major influence on production location. For example, high tariff walls, like those imposed by Argentina and Brazil in the 1970s and early 1980s, discourage exporting and encourage local production, while high corporate taxes may inhibit local production. Location advantages may also be culture-bond. For example, locating a factory in China is much easier for an overseas Chinese manufacturer than for a Spanish firm because of the former better understands Chinese culture and social norms. Internalization advantages are those factors that affect the desirability of a firm producing goods or service itself rather than contracting a local host country firm to produce the product. The amount of transaction costs (cost of negotiating, monitoring, and enforcing an agreement) is critical to this decision. If contracts are difficult to negotiate, monitor and enforce, the firm may rely on FDI and joint ventures as entry modes. If transaction costs are low and the firm believes local firms can more efficiently produce the goods or service without jeopardizing its interest, the firm may use franchising and licensing as entry modes. In deciding the optimum method of international operation, the firm must consider both the nature of the ownership advantage it possesses and its ability to ensure productive and harmonious working relations with any local firm with which it does business.

The factors that may have influence the choice should begin with a cursory analysis of the general variables of the host country, including total and per capita GNP, mortality rates, and population figures. Other factors that might influence MNC to go international include marketing factors, for example market size, growth, desire to maintain share of the market, need to maintain close customer contract, dissatisfaction with existing market arrangements, export base, and the desire to follow customers and competition. Barriers to trade, for example government-erected barriers to trade, and preference of local customers for local products may also contribute to the choice of international operations. Others may include cost factors, for example the desire to be near the source of supply, availability of labor, raw materials and technology, lower labor and transport costs. Other factors associated with investment climate one the general attitude toward foreign investment, political stability, limitation of ownership, and familiarity with the host country.

The Profile of Selected Companies and Industries

As noted in the previous section, the major criterion for a firm to be established as a multinational corporation is the presence of the ownership-specific advantages within the

firm. It has been suggested that the kind of factors which have been found to link with the ownership-specific advantages are skills, managerial complexity, capital intensity, technical intensity and innovative capability (Mohamad, 2012). It is further observed that these factors which are seen to cause the formation of the multinational corporations are commonly found to be the outcome of the firms' structure, conduct and performance within the industry. There are a variety of methods of classifying international business arrangements. Among the common practices is the distinction between market-servicing methods in terms of risk and control, progressing from export modes through the range of contractual modes such as licensing, to direct investment production modes. This section reports the profile of the firms and industries and the mode of entry into international operations in ASEAN.

From our qualitative surveys and analyses of the macro-economic conditions of ASEAN countries we found that there are similarities in the characteristics of the method of internationalization among ASEAN firms. These characteristics were found to be the existence of high firms and industrial concentration in terms of one aspect of internationalization mode as compared to the other. Internationalization is prevalent in that exporting is more preferable as compared to licensing or franchising though there are resembles of joint-venture activities. Exporting is generally recognized as being the least-risk method of internationalization and, as such, normally represents the beginning of the international operation of a firm. It was estimated that in 2015 a total value of USD 2512 billion was in the form of merchandise trade among ASEAN member countries (Table 4). Of this figure, USD 1295 billion was in the form of export and the rest was import. The explanation for the reason why export was more preferable to the ASEAN firms may be viewed from several economic perspectives. Unlike multinational corporations from developed countries where their strengths were in their resources and usage of capital-intensive technology, the firms from developing countries were smaller, used labor-intensive technology and produced unbranded low R & D, low quality products that competed on the basis of price in developing countries. However, these embedded characteristics of the developing countries firms may not be that strong to offset the possibilities of additional costs of operating on shores but significantly capable of competing through offshore operations. Hence, the choice of internationalization of the firms in the developing countries now rest in the form of exports. The other two modes of internationalization such as licensing and franchising seem to be obscure and of no significance to the ASEAN firms. There is an obvious explanation for the absence of such methodologies. The industry which is characterized with high licensing activities is normally associated with the type of industry that produces consumer products which undergo tremendous amount of research and development activities. One of the common types is the pharmaceutical industry. In developed countries, pharmaceutical firms routinely use licensing as their entry mode. One of the specific features of this industry is that the product is patented in view of the unique medical properties and the requirement for good distribution of local networks. Obtaining either is an expensive venture. Researching, developing, and testing a new wonder drug can cost several hundred million dollars, while distribution networks must be large to be effective. Many such firms prefer to forgo the

expensive and time-consuming process of setting up overseas production facilities and foreign distribution networks. Instead they grant existing local firms the right to manufacture and distribute the patented drug in return for royalty payments.

Perhaps the other mode of internationalization of ASEAN firms which is gaining momentum and may become the significant channel of international operation in the future is foreign direct investment. It is noted that foreign direct investment by member countries of ASEAN is growing rapidly, initially at lower rates but progressing rapidly in current years. Another interesting feature of foreign direct investment is the growing concern among member countries to invest within the ASEAN region besides the traditional countries of the developed nations. One important strand comes from this operation. At first glance, developing countries' multinational corporations do not possess proprietary skills or knowledge in management, technology or marketing skill comparable to their counterparts from the developed countries. The products of the developing countries' multinational corporations do not compete directly against those of other multinational corporations but are specifically directed to home countries and other countries within the economic realm of the parent companies. This is so because developing countries' firms do not have access to the latest technology, the large amount of capital or expertise necessary for large-scale, capital-intensive technology and hence must be able to introduce appropriate products suitable to such markets. Therefore the suitability of developing countries' foreign direct investment rests on the ability of the firm to produce goods or joint-venture projects at lower cost, or on the ability to operate on a smaller scale with simpler applications and usage of flexible technologies.

As for regional and individual member country analyses, some important dimensions can be observed in Table 4 and Table 5. Most ASEAN exports are directed outside the region. The US, Japan and the European Union (EU) have been the traditional markets. More recently, the destination of exports has become more broad-based with the inclusion of other developing countries. These countries will remain important new markets. This is evident from the fact that exports to China have grown double the total exports from 1990 to 2015 and so do the exports to Singapore, Taiwan and the Middle East countries. The other change in ASEAN's trade pattern is the emergence of the ASEAN market itself. For many years, exports to the rest of the world grew at a rate much faster than that of intra-ASEAN exports, which reflected a low level of economic integration among ASEAN members despite their geographic proximity. From 2003 to 2013 (Table 4) intra-ASEAN trade grew at a steady pace with an average growth of 7.6 % with the rest of the world, maintaining a share of slightly under 20 % of the total trade. Since 2000, the growth rate of intra-ASEAN exports exceeded that of other exports by a small margin. In 2013, ASEAN exports were recorded at USD 1295 billion while imports were USD 1235 billion.

The composition of ASEAN exports has also undergone a remarkable change over the past 20 years. There has been a big shift from agricultural commodities to manufactured

goods. As shown in Table 4, particularly the manufacturing sector which, elaborately transformed manufactures, now dominate ASEAN's merchandise trade. Structural change has transformed a number of ASEAN economies from being exporters of agricultural commodities and unprocessed goods into exporters of light manufactures. Although intra-ASEAN trade has increased in recent years, this trend should not be overstated. The ASEAN economy level of integration remains well below the potential. Some 75 % of intra-ASEAN trade originates from Singapore, the region's entreport and most open economy, where non ASEAN goods, especially crude oil and petroleum, are re-exported to countries inside the region. If crude oil and petroleum products are omitted, intra-ASEAN trade is only 5 % of the total ASEAN exports. It is also noted that among the top 50 corporations in ASEAN, a high %age of them have their core business in oil-related activities with an accumulative export of USD 239 billion while the import value was USD 311 billion for 2014.

The WTO reported that Singapore's inflationary pressures were falling while wage rises were moderating its rate of GDP growth for 2014 at 7.0 %. Export growth was about 20 % though it has been said that there was a decline in manufacturing strength as foreign investors shun Singapore for cheaper locations especially in other ASEAN countries and China. From Table 4 and Table 5, it is noted that Singapore's total trade has grown from USD 272 billion in 2003 to USD 856 billion in 2013. Singapore's top trading partners were traditionally developed countries at USD 410 billion, ASEAN at USD 128 billion and others at USD 282 billion in 2014. Singapore's intra-industry trade among the top 13 products consisted mainly of electronic goods with the exception of refined petroleum products, polymerization and natural rubber latex. The top 13 product groups, which represented 50.48 % of Singapore's intra-industry trade, show that Singapore's intra-industry trade is widely dispersed among the product groups.

Table 4 and Table 5 show Malaysia's trade performances for the years 2003 and 2013. Malaysia's total exports and imports registered USD 99.4 billion and USD 81.9 billion respectively in 2003 and grew to USD 234 billion in its export and imports of USD 209 billion in 2013. Malaysia's leading export items were electronic and manufacturing products followed by oil and gas and palm oil products while its leading imports were machinery and transport equipment, manufactured goods and chemicals. Malaysia's major ASEAN trading partners are Singapore with export figure of USD12.43 billion followed by Thailand with USD2.27 billion, Indonesia with USD730 million and the Philippines with USD624 million while its import from Singapore was USD8.6 billion, Thailand USD1.51 billion, Indonesia USD961 million and the Philippines at USD328 million. Malaysia's export promotion policies which placed greater emphasis on free trade zones and licensed manufacturing warehouses, have resulted in a high concentration of "sub-contracting" types of goods in its intra-industry trade. Malaysia is still heavily dependent on foreign investment in order to spearhead the industrialization process. Despite the emergence of cheaper production bases of new emerging market economies such as China and Vietnam, foreign proposed investments in Malaysia registered a total value of USD 17.056 billion in 2013. About a quarter of foreign investments were in the electronic and electrical goods sector, where

companies from the US, Japan and Taiwan predominate. The heavy foreign investment in electronics pushed up growth in the manufacturing sector. Malaysian companies have also started to invest outside Malaysia particularly in other ASEAN countries and China in the construction, infrastructure, and real estates and property development sectors. The figures for this category of investment stood at USD 6.604 billion in 1996.

Thailand recorded a steady growth in her total trade. The value of Thailand's total trade was USD 248.6 billion in 2006 and increased to USD 478.2 in 2013 (Table 6). The volume of trade between Thailand and other ASEAN countries increased from USD 16.54 billion in 2003 to 102 billion in 2014 with export outnumbering import throughout the years. Thailand's major trading partner was Singapore apart from other ASEAN countries while China is now becoming the main trading nation of ASEAN. The items of trade were mainly petroleum, electronic products and electrical machinery and parts. Thailand's intra-industry trade consists of a broader range of products. With the new inclusion of petroleum, intermediate goods such as electronic, transistors and valves absorb a large share of Thailand's intra-industry trade. Also playing an important role in the intra-trade were precious and semi-precious stones and textile yarn. Thailand's economy has been in its down turn lately following the decrease in its currency and it is envisaged that once the crisis is over the economy will be on the smooth track again.

Indonesia's economy has been improving very much due to support from foreign investment in its development whereby investment commitment from abroad doubled from USD 35 billion in 2003 to almost USD 78 billion in 2014. Much of the foreign investment in the past few years has been aimed at export-oriented industry as Indonesia's policy switched from energy reliance to manufacturing-based economy. It is noted that Indonesia's total trade was recorded at USD 161.8 billion in 2006 and increased to USD 369.1 billion in 2013. In-terms of total trade, ASEAN countries are the primary trading partners followed by developed countries and in more recent cases advent of China as the new economic force in the region. The product groups that contributed the most towards Indonesia's intra-industry trade contrasts with both Malaysia and Thailand with the conspicuous presence of petroleum oils and petroleum products. With electronic products playing a minor role, the goods involved in Indonesia's intra-industry trade were mainly processed fuels and lubricants, and processed industrial supplies which are classified as intermediate goods.

The high tariff barriers among individual member countries may not be a good strategy for regional economic growth, and the fact that the countries largely export the same type of commodities and compete with each other will further deter any possible growth and development of trade within the region. Competition, motivated by individual nation-building priorities and the consequent low level of specialization may continue to create a region of low industries. If economic integration is to progress, steps have to be taken to reverse this situation. Removal of barriers to imports from ASEAN members will foster intra-ASEAN trade. It is interesting to note that ASEAN is moving towards the ASEAN community in full fledge. The results will be an expansion of regional trade and acceleration of business growth.

In the case of corporate performance for the region, in 2015, it was estimated that about 20 companies from ASEAN have the highest capital of over USD 20 billion (Nikkei, 2015). Detailed analysis is presented in Table 8.0. The biggest company is Singapore Telecommunications with the capitalization value of USD 47.00 billion. The other largest companies come mostly from multinational firms in oil, gas, and financial services. Singapore companies dominated the figures followed by Thailand, Malaysia and Indonesia as presented in Table 10.0. The highest profit was recorded by PTT of Thailand at 3.074 billion while for non-oil and non-financial services it was Singapore Telecommunication at 2.901 billion. From these 100 ASEAN companies, 19 companies were involved in oil refining, marketing and trading. 7 companies were involved in car assembly and sales, 6 companies were involved in the consumer electronic sector and the rest were involved in various sectors such as air transport, shipping, property and real estates, telecommunication and others. Also, it is interesting to be noted that from these 100 ASEAN companies, 25 companies were originally foreign companies that were mainly involved in the oil trading business and electronic components sectors. One particular explanation for this occurrence could probably be explained by their global business strategy of implementing contractual joint-venture foreign direct investment. The original companies will not be losing their interests in the ownership, and control remains with the parent firm while at the same time they extend their global operation and continue to receive benefits of the local resources.

Conclusion

The analysis of international supply choice has been approached from a different direction, namely that of the stages of development. Generally we have found that the internationalization model suggests an incremental, evolutionary approach to foreign markets with industries and companies gradually deepening their involvement as they gain experience, confidence and control of the markets. As such the firms of the ASEAN region, specifically, Malaysia, Singapore, Thailand, Indonesia and the Philippines at the initial stage will have experimental involvement in foreign trade via exporting and progressing to the establishment of the export marketing department once active involvement between the countries prevailed. The next stage will see the committed involvement stage where the companies have a long-run commitment to international production. In this latter case, the internationalization process may continue with licensing and production facilities in foreign markets. Apart from the evolutionary stages of international operation of the ASEAN firms, another distinct feature that is revealed is the evolution in terms of product offering. The offering to foreign markets began with goods, thereafter services, and finally system and know-how. While a number of factors are associated in the choice of the international supply method, items such as close proximity, awareness of the target markets, uniqueness of providing firms in terms of products and production processes, and policy regimes constitute the fundamental reasons for such exercises. Finally, the existence of multinational companies from ASEAN will foster greater competition and enhance efficient allocation of resources among member countries in the future.

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Appendices

Table 1. World Merchandise Exports by Region

Table 1.5								
World merchandise exports by region and selected economy, 1948, 1953, 1963, 1973, 1983, 1993, 2003 and 2014								
(Billion dollars and percentage)								
	1948	1953	1963	1973	1983	1993	2003	2014
	Value							
World	59	84	157	579	1838	3688	7380	18494
	Share							
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	28.1	24.8	19.9	17.3	16.8	17.9	15.8	13.5
United States	21.7	18.8	14.9	12.3	11.2	12.6	9.8	8.8
Canada	5.5	5.2	4.3	4.6	4.2	3.9	3.7	2.6
Mexico	0.9	0.7	0.6	0.4	1.4	1.4	2.2	2.1
South and Central America	11.3	9.7	6.4	4.3	4.5	3.0	3.0	3.8
Brazil	2.0	1.8	0.9	1.1	1.2	1.0	1.0	1.2
Venezuela, Bolivarian Rep. of	1.5	1.7	1.5	0.6	0.8	0.4	0.4	0.4
Europe	35.1	39.4	47.8	50.9	43.5	45.3	45.9	36.8
Germany a	1.4	5.3	9.3	11.7	9.2	10.3	10.2	8.2
Netherlands	2.0	3.0	3.6	4.7	3.5	3.8	4.0	3.6
France	3.4	4.8	5.2	6.3	5.2	6.0	5.3	3.2
Italy	1.8	1.8	3.2	3.8	4.0	4.6	4.1	2.9
Commonwealth of Independent States (CIS) b	-	-	-	-	-	1.5	2.6	4.0
Africa	7.3	6.5	5.7	4.8	4.5	2.5	2.4	3.0
South Africa c	2.0	1.6	1.5	1.0	1.0	0.7	0.5	0.5
Middle East	2.0	2.7	3.2	4.1	6.7	3.5	4.1	7.0
Asia	14.0	13.4	12.5	14.9	19.1	26.0	26.1	32.0
China	0.9	1.2	1.3	1.0	1.2	2.5	5.9	12.7
Japan	0.4	1.5	3.5	6.4	8.0	9.8	6.4	3.7
India	2.2	1.3	1.0	0.5	0.5	0.6	0.8	1.7
Australia and New Zealand	3.7	3.2	2.4	2.1	1.4	1.4	1.2	1.5
Six East Asian traders	3.4	3.0	2.5	3.6	5.8	9.6	9.6	9.6
Memorandum item:								
EU d	-	-	24.5	37.0	31.3	37.3	42.4	33.3
USSR, Former	2.2	3.5	4.6	3.7	5.0	-	-	-
GATT/WTO Members e	63.4	69.6	75.0	84.1	77.0	89.0	94.3	97.3

a Figures refer to the Fed. Rep. of Germany from 1948 through 1983.

b Figures are significantly affected by including the mutual trade flows of the Baltic States and the CIS between 1993 and 2003.

c Beginning with 1998, figures refer to South Africa only and no longer to the Southern African Customs Union.

d Figures refer to the EEC(6) in 1963, EC(9) in 1973, EC(10) in 1983, EU(12) in 1993, EU(25) in 2003 and EU(28) in 2014.

e Membership as of the year stated.

Note: Between 1973 and 1983 and between 1993 and 2003 export shares were significantly influenced by oil price developments.

Table 2. World Merchandise Imports by Region

Table 1.6								
World merchandise imports by region and selected economy, 1948, 1953, 1963, 1973, 1983, 1993, 2003 and 2014								
(Billion dollars and percentage)								
	1948	1953	1963	1973	1983	1993	2003	2014
	Value							
World	62	85	164	594	1883	3805	7696	18641
	Share							
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	18.5	20.5	16.1	17.2	18.5	21.3	22.4	17.7
United States	13.0	13.9	11.4	12.3	14.3	15.9	16.9	12.9
Canada	4.4	5.5	3.9	4.2	3.4	3.7	3.2	2.5
Mexico	1.0	0.9	0.8	0.6	0.7	1.8	2.3	2.2
South and Central America	10.4	8.3	6.0	4.4	3.9	3.3	2.5	4.0
Brazil	1.8	1.6	0.9	1.2	0.9	0.7	0.7	1.3
Chile	0.4	0.4	0.4	0.2	0.2	0.3	0.3	0.4
Europe	45.3	43.7	52.0	53.3	44.1	44.5	45.0	36.4
Germany ^a	2.2	4.5	8.0	9.2	8.1	9.0	7.9	6.5
United Kingdom	13.4	11.0	8.5	6.5	5.3	5.5	5.2	3.7
France	5.5	4.9	5.3	6.4	5.6	5.7	5.2	3.6
Netherlands	3.4	3.3	4.4	4.8	3.3	3.3	3.4	3.2
Commonwealth of Independent States (CIS) ^b	-	-	-	-	-	1.2	1.7	2.7
Africa	8.1	7.0	5.2	3.9	4.6	2.6	2.2	3.4
South Africa ^c	2.5	1.5	1.1	0.9	0.8	0.5	0.5	0.7
Middle East	1.8	2.1	2.3	2.7	6.2	3.3	2.8	4.2
Asia	13.9	15.1	14.1	14.9	18.5	23.5	23.5	31.5
China	0.6	1.6	0.9	0.9	1.1	2.7	5.4	10.5
Japan	1.1	2.8	4.1	6.5	6.7	6.4	5.0	4.4
India	2.3	1.4	1.5	0.5	0.7	0.6	0.9	2.5
Australia and New Zealand	2.9	2.3	2.2	1.6	1.4	1.5	1.4	1.5
Six East Asian traders	3.5	3.7	3.2	3.9	6.1	10.2	8.6	9.4
Memorandum item:								
EU ^d	-	-	25.5	37.1	31.4	36.2	41.3	32.9
USSR, Former	1.9	3.3	4.3	3.6	4.3	-	-	-
GATT/WTO Members ^e	58.6	66.9	75.3	85.5	79.7	89.3	96.0	97.7

^a Figures refer to the Fed. Rep. of Germany from 1948 through 1983.

^b Figures are significantly affected by including the mutual trade flows of the Baltic States and the CIS between 1993 and 2003.

^c Beginning with 1998, figures refer to South Africa only and no longer to the Southern African Customs Union.

^d Figures refer to the EEC(6) in 1963, EC(9) in 1973, EC(10) in 1983, EU(12) in 1993, EU(25) in 2003 and EU(28) in 2014.

^e Membership as of the year stated.

Note: Between 1973 and 1983 and between 1993 and 2003 export shares were significantly influenced by oil price developments.

Table 3. Intra and Inter-regional Merchandise Trade

Table I.4								
Intra- and inter-regional merchandise trade, 2014								
(Billion dollars and percentage)								
Origin	Destination							
	North America	South and Central America	Europe	CIS	Africa	Middle East	Asia	World
Value								
World	3195	744	6792	512	639	780	5485	18494
North America	1251	214	379	17	43	79	504	2493
South and Central America	173	179	114	9	18	17	170	695
Europe	540	119	4665	218	221	229	738	6810
Commonwealth of Independent States (CIS)	28	7	385	131	16	22	134	735
Africa	39	29	201	2	98	18	152	555
Middle East	99	11	148	7	36	113	694	1288
Asia	1065	185	900	127	207	302	3093	5917
Share of regional trade flows in each region's total merchandise exports								
World	17.3	4.0	36.7	2.8	3.5	4.2	29.7	100.0
North America	50.2	8.6	15.2	0.7	1.7	3.2	20.2	100.0
South and Central America	24.8	25.8	16.4	1.4	2.5	2.4	24.5	100.0
Europe	7.9	1.7	68.5	3.2	3.3	3.4	10.8	100.0
Commonwealth of Independent States (CIS)	3.9	0.9	52.4	17.8	2.1	3.1	18.2	100.0
Africa	7.0	5.1	36.2	0.4	17.7	3.3	27.3	100.0
Middle East	7.7	0.8	11.5	0.5	2.8	8.8	53.9	100.0
Asia	18.0	3.1	15.2	2.1	3.5	5.1	52.3	100.0
Share of each region's exports in world merchandise exports to the region								
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	39.2	28.8	5.6	3.4	6.8	10.1	9.2	13.5
South and Central America	5.4	24.1	1.7	1.8	2.8	2.2	3.1	3.8
Europe	16.9	16.0	68.7	42.6	34.7	29.4	13.5	36.8
Commonwealth of Independent States (CIS)	0.9	0.9	5.7	25.6	2.4	2.9	2.4	4.0
Africa	1.2	3.8	3.0	0.4	15.4	2.3	2.8	3.0
Middle East	3.1	1.5	2.2	1.3	5.6	14.5	12.7	7.0
Asia	33.3	24.9	13.2	24.7	32.4	38.7	56.4	32.0
Share of regional trade flows in world merchandise exports								
World	17.3	4.0	36.7	2.8	3.5	4.2	29.7	100.0
North America	6.8	1.2	2.0	0.1	0.2	0.4	2.7	13.5
South and Central America	0.9	1.0	0.6	0.1	0.1	0.1	0.9	3.8
Europe	2.9	0.6	25.2	1.2	1.2	1.2	4.0	36.8
Commonwealth of Independent States (CIS)	0.2	0.0	2.1	0.7	0.1	0.1	0.7	4.0
Africa	0.2	0.2	1.1	0.0	0.5	0.1	0.8	3.0
Middle East	0.5	0.1	0.8	0.0	0.2	0.6	3.8	7.0
Asia	5.8	1.0	4.9	0.7	1.1	1.6	16.7	32.0

Table 4. Merchandise Trade of ASEAN

Table I.19															
Merchandise trade of ASEAN countries by major product group and by origin/destination, 2014															
(Billion dollars and percentage)															
Destination	World					ASEAN					Other origin/destination				
	Value		Share	Annual percentage change		Value		Share	Annual percentage change		Value		Share	Annual percentage change	
	2014	2010	2014	2013	2014	2014	2010	2014	2013	2014	2014	2010	2014	2013	2014
Exports															
Indonesia															
Agricultural products	44	22.8	24.9	-5	3	6	18.8	16.1	-21	9	37	23.9	27.4	-2	2
Fuels and mining products	60	39.4	33.9	-7	-15	17	37.0	41.5	-2	-3	43	40.1	31.7	-8	-19
Manufactures	70	37.0	39.6	0	5	16	43.4	40.1	1	-4	54	35.3	39.4	0	8
Total exports	176	100.0	100.0	-4	-3	40	100.0	100.0	-3	-2	136	100.0	100.0	-4	-4
Malaysia															
Agricultural products	30	14.5	12.9	-11	0	7	10.2	10.5	-10	8	23	16.0	13.8	-12	-2
Fuels and mining products	58	17.8	25.0	13	0	18	20.5	28.3	16	4	40	16.9	23.7	11	-1
Manufactures	144	67.0	61.6	-1	4	40	68.4	60.8	3	1	104	66.5	61.9	-3	6
Total exports	234	100.0	100.0	0	3	65	100.0	100.0	5	2	169	100.0	100.0	-1	3
Philippines															
Agricultural products	7	8.0	11.2	33	3	1	4.7	8.8	17	-11	6	8.9	11.6	36	5
Fuels and mining products	6	6.2	9.5	50	1	1	7.8	12.4	44	4	5	5.8	9.0	52	0
Manufactures	49	85.1	78.3	3	11	7	87.4	78.8	-15	3	41	84.4	78.2	7	13
Total exports	62	100.0	100.0	9	10	9	100.0	100.0	-8	2	53	100.0	100.0	13	11
Singapore															
Agricultural products	12	2.2	2.9	10	9	5	3.0	4.0	10	7	7	1.9	2.4	11	11
Fuels and mining products	73	17.2	17.8	-4	-4	40	25.9	31.4	-4	1	33	13.4	11.7	-4	-9
Manufactures	291	72.4	70.9	2	1	79	67.2	62.1	1	-3	211	74.7	74.9	2	2
Total exports	410	100.0	100.0	0	0	128	100.0	100.0	-1	-1	282	100.0	100.0	1	0
Thailand															
Agricultural products	40	18.0	17.5	-4	-1	8	15.6	14.1	-5	3	31	18.7	18.7	-4	-3
Fuels and mining products	15	6.2	6.6	-2	-13	9	15.6	15.8	-2	-8	6	3.5	3.3	-2	-20
Manufactures	170	72.5	74.7	3	1	41	68.7	68.5	6	3	129	73.6	76.9	2	1
Total exports	228	100.0	100.0	0	0	59	100.0	100.0	5	0	168	100.0	100.0	-2	-1
ASEAN															
Agricultural products	164	12.6	12.6	-3	3	32	9.8	9.8	-8	6	131	13.5	13.6	-1	2
Fuels and mining products	239	18.6	18.4	-1	-6	96	25.4	29.1	2	0	142	16.3	14.8	-3	-10
Manufactures	850	65.2	65.7	4	4	197	63.0	59.5	3	-1	654	65.9	67.8	4	6
Total exports	1295	100.0	100.0	2	2	331	100.0	100.0	2	0	965	100.0	100.0	1	0

Imports															
Indonesia															
Agricultural products	22	11.5	12.5	3	3	3	6.2	5.6	-28	4	19	13.7	15.2	10	3
Fuels and mining products	50	23.8	27.9	5	-3	22	40.5	43.1	7	-11	28	17.0	21.9	4	3
Manufactures	105	63.2	58.7	-6	-6	26	53.1	51.0	-1	-2	79	67.3	61.8	-8	-8
Total imports	178	100.0	100.0	-3	-5	51	100.0	100.0	0	-6	127	100.0	100.0	-4	-4
Malaysia															
Agricultural products	20	9.8	9.7	-7	1	7	15.1	13.0	-18	-3	13	7.8	8.5	1	3
Fuels and mining products	47	15.1	22.5	21	3	17	24.0	32.3	8	-2	30	11.8	19.1	31	6
Manufactures	137	73.3	65.8	2	1	29	59.4	53.0	1	-1	109	78.5	70.2	2	2
Total imports	209	100.0	100.0	5	1	54	100.0	100.0	0	-2	155	100.0	100.0	7	3
Philippines															
Agricultural products	9	11.7	12.8	-1	21	3	16.7	15.6	-10	46	6	9.7	12.0	2	13
Fuels and mining products	15	20.7	21.8	-5	-5	3	24.9	18.8	-9	4	12	19.1	22.7	-4	-7
Manufactures	44	66.8	65.0	2	4	11	57.9	65.2	-3	11	33	70.2	65.0	3	2
Total imports	68	100.0	100.0	0	4	16	100.0	100.0	-5	14	51	100.0	100.0	1	1
Singapore															
Agricultural products	15	3.5	4.0	3	2	5	5.8	7.2	-6	3	9	2.8	3.2	8	2
Fuels and mining products	120	27.6	32.8	-5	-2	25	22.1	33.5	1	-6	95	29.3	32.6	-7	-1
Manufactures	225	64.9	61.3	1	-2	43	64.3	57.3	-4	-2	181	65.1	62.4	2	-1
Total imports	366	100.0	100.0	-2	-2	75	100.0	100.0	-2	-3	291	100.0	100.0	-2	-1
Thailand															
Agricultural products	16	6.6	7.1	-2	-2	3	6.2	6.8	-11	5	13	6.6	7.2	0	-4
Fuels and mining products	56	22.0	24.8	6	-7	14	27.3	31.3	5	0	43	20.8	23.2	7	-10
Manufactures	148	66.8	65.1	-4	-6	27	65.6	61.4	3	-3	122	67.0	66.0	-5	-7
Total imports	228	100.0	100.0	1	-9	43	100.0	100.0	3	-2	185	100.0	100.0	0	-11
ASEAN															
Agricultural products	103	7.7	8.3	1	5	27	9.6	9.7	-11	7	76	7.1	7.9	7	4
Fuels and mining products	311	22.0	25.2	2	-2	92	27.0	33.0	3	-4	219	20.4	22.9	2	-1
Manufactures	800	67.4	64.8	1	0	156	60.3	56.3	1	0	644	69.6	67.3	2	0
Total imports	1235	100.0	100.0	2	-1	278	100.0	100.0	0	-1	957	100.0	100.0	2	-1

Table 5.

ASEAN Total Trade, Intra-ASEAN and Extra-ASEAN Trade, 2006-2013

(in US\$ Million)

Country	2006	2007	2008	2009	2010	2011	2012	2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total Trade								
Brunei Darussalam	9,108.3	9,749.9	12,774.7	9,602.5	10,999.2	14,822.3	16,856.3	15,057.2
Cambodia	6,437.4	7,580.6	8,775.5	8,886.7	10,480.3	12,844.1	18,663.7	18,324.2
Indonesia	161,864.1	188,574.3	266,217.7	213,339.2	293,442.4	380,932.3	381,721.3	369,180.5
Lao PDR	990.2	1,093.0	2,630.9	2,962.1	4,509.1	3,955.9	6,158.8	5,884.9
Malaysia	285,542.9	323,116.0	338,794.7	280,221.4	363,534.3	415,559.1	423,930.3	434,228.7
Myanmar	5,630.2	8,722.5	10,415.4	10,191.3	11,798.3	14,925.1	18,503.3	23,445.4
Philippines	99,183.8	105,979.5	105,671.0	83,868.6	109,660.3	111,751.6	117,381.6	119,108.9
Singapore	510,516.7	562,451.2	657,985.8	515,616.3	662,658.2	775,167.2	788,116.9	783,265.5
Thailand	248,688.3	293,536.8	352,534.2	286,266.8	385,040.8	458,904.4	477,301.9	478,247.3
Viet Nam	77,270.5	109,982.5	141,357.0	125,921.9	156,993.1	199,582.1	227,793.3	264,774.0
TOTAL	1,405,232.5	1,610,786.3	1,897,157.1	1,536,876.8	2,009,115.9	2,388,444.0	2,476,427.4	2,511,516.5

Table 6. World Statistics

Table I.1.		Growth rates of global GDP, GFCF, trade, employment and FDI, 2008–2016							
		(Per cent)							
Variable	2008	2009	2010	2011	2012	2013	2014	2015*	2016*
GDP	1.5	-2.0	4.1	2.9	2.4	2.5	2.6	2.8	3.1
Trade	3.0	-10.6	12.6	6.8	2.8	3.5	3.4	3.7	4.7
GFCF	3.0	-3.5	5.7	5.5	3.9	3.2	2.9	3.0	4.7
Employment	1.2	1.1	1.2	1.4	1.4	1.4	1.3	1.3	1.2
FDI	-20.4	-20.4	11.9	17.7	-10.3	4.6	-16.3	11.4	8.4
Memorandum									
FDI value (in \$ trillions)	1.49	1.19	1.33	1.56	1.40	1.47	1.23	1.37	1.48

Source: UNCTAD, FDI/MNE database for FDI in 2008–2014; United Nations (2015) for GDP; IMF (2015) for GFCF and trade; ILO for employment; and UNCTAD estimates for FDI in 2015–2016.

* Projections.

Note: FDI excludes Caribbean offshore financial centres. GFCF = gross fixed capital formation.

Table 7. Fortune Global 500

Ranking *	Name *	Industry *	Revenue (USD billions) *	As of: *	Revenue growth *	Employees *
1	Walmart Stores, Inc.	Retail	\$482	January 2016	▼ 0.7%	2,200,000
2	Sinopec Group	Oil and gas	\$455	2014	▼ 1.7%	355,571
3	China National Petroleum Corporation	Oil and gas	\$426	2014	▼ 1.1%	1,636,532
4	Saudi Aramco	Oil and gas	\$338	2014	▲ 6.2%	60,000
5	State Grid	Electric utility	\$333	2014	▲ 5.9%	1,564,000
6	Samsung	Conglomerate	\$305	2014	▼ 7.2%	489,000
7	Royal Dutch Shell	Oil and gas	\$273	2015	▼ 7.2%	94,000
8	ExxonMobil	Oil and gas	\$268	2015	▼ 7.2%	75,300
9	Vitol	Commodities	\$270	2014	▼ 13.7%	5,441
10	Kuwait Petroleum Corporation	Oil and gas	\$252	2014	▲ 8%	45,000
11	Volkswagen	Automotive	\$245	2014	▲ 2.8%	572,800
12	Apple	Consumer electronics	\$234	2015	▲ 28%	115,000
13	Toyota	Automotive	\$227	March 31, 2015	▲ 6.0%	344,108
14	BP	Oil and gas	\$223	2015	▼ 37.9%	83,900
15	Glencore	Commodities	\$221	2014	▼ 5.3%	181,000
16	Total	Oil and gas	\$212	2014	▼ 11.5%	100,307
17	Berkshire Hathaway	Conglomerate	\$211	2015	▲ 8.3%	316,000
18	McKesson	Pharmaceuticals	\$179	March 31, 2015	▲ 30.1%	32,000
19	China Railway	Transport	\$163	2014	▼ 4.7%	2,045,600
20	Phillips 66	Oil and gas	\$161	2014	▼ 6.4%	13,500
21	Japan Post	Conglomerate	\$157	March 31, 2015	▼ 6.9%	229,000
22	Daimler	Automotive	\$157	2014	▲ 10.1%	275,087
23	General Motors	Automotive	\$152	2015	▼ 1.7%	284,000
24	General Electric	Conglomerate	\$149	2014	▲ 1.7%	305,000
25	Exor	Financial services	\$148	2014	▲ 7.8%	318,562
26	Allianz	Financial services	\$148	2014	▲ 10.4%	147,425
27	Ford Motor Company	Automotive	\$144	2014	▼ 2.0%	164,000
28	Petrobras	Oil and gas	\$144	2014	▲ 1.6%	86,111
29	Lukoil	Oil and gas	\$144	2014	▲ 1.9%	120,000
30	Honda	Automotive	\$142	2014	▲ 20.0%	198,561
31	CVS Health	Retail	\$139	2014	▲ 9.9%	208,000
32	Chevron	Oil and gas	\$138	2015	▼ 34.9%	64,700
33	Industrial and Commercial Bank of China	Financial services	\$137	2014	▲ 10.8%	405,354
34	E.ON	Electric utility	\$135	2014	▼ 5.8%	79,000
35	Foxconn	Electronics	\$133	2014	▲ 6.6%	1,290,000
36	Eni	Oil and gas	\$133	2014	▼ 4.4%	82,289
37	AT&T	Telecommunications	\$132	2014	▲ 2.9%	256,000
38	Valero	Oil and gas	\$131	2014	▼ 5.5%	22,000
39	United Health	Health care	\$131	2014	▲ 6.5%	99,000
40	PDVSA	Oil and gas	\$128	2014	▼ 4.4%	121,000
41	Trafigura	Commodities	\$128	September 30, 2014	▼ 0.4%	5,326
42	Verizon	Telecommunications	\$127	2014	▲ 5.4%	175,000
43	China Construction Engineering	Construction	\$125	2014	▲ 17.3%	216,824
44	Cargill	Food processing	\$120	May 31, 2015	▼ 12.0%	158,000
45	AmerisourceBergen	Pharmaceuticals	\$120	September 30, 2014	▲ 35.9%	14,500
46	Koch Industries	Conglomerate	\$115	2014	▲ 4.5%	100,000
47	Costco	Retail	\$113	2014	▲ 7.1%	189,000
48	Hewlett-Packard	Electronics	\$111	October 31, 2014	▼ 0.8%	302,000
49	Tata Group	Conglomerate	\$108	2015	▲ 5.3%	611,000

Table 8. ASEAN 100 Largest Corporations

Top 50 ASEAN companies by market capitalization			Market value: in billions of dollars	Change: in percent	Net profit: in millions of dollars	Ranking by net profit	Business type	Company outline	
1	 SingTel	Singapore Telecommunications		47.00	22.4	2,901	3	Communications	Earns majority of profit abroad through investment in major regional peers, including SingTel Optus of Australia
2	 DBS	DBS Group Holdings		35.73	42.8	2,934	2	Finance	Acquired Societe Generale's private banking business in Singapore, Hong Kong in 2014
3	 PTT	PTT		32.27	21.9	3,074	1	Oil, gas	Thai state-owned oil, energy company; pushing for resource development overseas
4	 OCBC Bank	Oversea-Chinese Banking Corp.		30.80	33.2	2,212	5	Finance	Recently acquired Hong Kong's Wing Hang Bank to accelerate expansion in mainland China
5	 UOB	United Overseas Bank		28.96	29.2	2,404	4	Finance	Strengthening regional foothold by acquiring smaller banks in Indonesia, Thailand
6	 Maybank	Malayan Banking		27.47	41.9	2,080	6	Finance	Also known as Maybank; Malaysia's largest bank by assets; runs largest Islamic bank in region by assets
7	 BCA	Bank Central Asia		26.62	86.4	1,364	15	Finance	Major stake owned by ethnic Chinese tycoon Robert Budi Hartono; focuses on corporate banking
8	 Hanjaya Mandala Sampoerna	Hanjaya Mandala Sampoerna		25.78	231.5	1,035	24	Tobacco	Largest tobacco producer in Indonesia; 98% owned by Philip Morris' local subsidiary
9	 Telkom Indonesia	Telekomunikasi Indonesia		22.93	51.1	1,360	16	Communications	Majority owned by government; Telkomsel, its mobile operator, has over 130 million subscribers
10	 Tenaga Nasional	Tenaga Nasional		22.92	96.6	1,999	8	Utilities	Generates, distributes power nationwide except in Sarawak State; mainly uses gas, coal
11	 Astra International	Astra International		22.69	18.9	1,858	9	Conglomerate	Involved in automaking, infrastructure, mining, plantations, banking; a core company of Jardine Matheson group
12	 BANK BRI	Bank Rakyat Indonesia		22.60	94.4	2,043	7	Finance	Claims to have nearly 50% share of microloan market (loans of up to about \$8,000)
13	 PUBLIC BANK	Public Bank		21.88	60.2	1,290	19	Finance	Leading in property, vehicle mortgages; uninterrupted profitability for about 50 years
14	 AIS	Advanced Info Service		21.81	166.0	1,180	21	Communications	Mobile service subsidiary of Intouch Holdings; established by former Prime Minister Thaksin Shinawatra
15	 mandiri	Bank Mandiri		19.98	64.4	1,742	11	Finance	Created by merger of four banks; includes brokerage, asset management, insurance, Islamic finance units
16	 Unilever	Unilever Indonesia		19.19	74.2	512	53	Consumer products	Subsidiary of Netherlands-based multinational; known for localized products such as SariWangi tea, Lifebuoy soap
17	 SCB Inworo	Siam Commercial Bank		18.49	73.3	1,635	12	Finance	Thailand's oldest commercial bank; largest shareholder is Crown Property Bureau
18	 axiata	Axiata Group		18.38	59.5	809	31	Communications	Has controlling interests in cellular companies in Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia
19	PTTEP	PTT Exploration & Production		17.85	2.5	1,827	10	Oil exploration	Flagship oil, gas exploration, production arm of Thai state-owned oil giant PTT
20	Sime Darby	Sime Darby		17.84	10.6	989	25	Agribusiness	World's largest producer of palm oil; accounts for about 5% of global crude palm oil annually