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EDITORIAL

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Post-COVID-19 and global FDI inflows and outflows in emerging economies

Badar Alam Iqbal[1*]

Growth and development are the necessity for every country irrespective of developed, developing and least developed countries across the world. There are three well-known modes for financing growth and development. First is foreign aid or official development assistance [ODA]. This notion is based on mercy of the donor and to create uncertainty for accelerating the pace of growth and development of the country. Second option is commercial borrowings that is a dangerous mode, if not properly managed the country can face financial crisis [Southeast Asian and Indian crises]. The third mode is inviting foreign direct investment [FDI] or direct foreign investment [DFI]. This is also critical but is a lesser evil than the other two options. Therefore, every country big or small always tries to attract FDI inflows to finance the process and accelerating process of the growth and development of the economies. In the present twenty-first century, the most wanted option for every economy is FDI inflows.

Foreign direct investment (FDI) is a double-edged sword as it cuts both ways. It contributes and promotes the development of an economy. On the other side, it generates flight of capital, which in turn affects the development of a host country. But FDI has been accepted as a lesser evil among all available options and become the most vital and strong vehicle for accelerating growth of the world economy in general and developing and emerging economies.

*Correspondence:
Badar Alam Iqbal
IqbalBA@tut.ac.za
[1] Department of Economic, Faculty of Economics and Finance, Tshwane University of Technology [TUT], Pretoria, South Africa

COVID-19 emergence in 2019 has severe and significant effects, consequences and impacts on global economy in general and emerging economies in particular. The emerging economies, namely China, India, Russia, South Africa and other countries in Asia and Pacific regions, have faced critical situation affecting the development process to a larger extent.

Why special issue?

Hence, the issue has looking into the possibilities of changing pattern of global FDI in emerging economies due to persisting COVID-19. Therefore, the world would witness the impact, consequences, and implications of the pandemic. Therefore, there was a need for examining the changes in the growth and pattern of global FDI inflows and outflows in general and emerging economies in particular, especially after the emergence of COVID-19.

Presently, in the twenty-first century the global pattern of FDI inflows and outflows has witnessed a significant change both in terms of size and direction.

The papers were invited from the academicians, planners, policymakers along with development and trade economist across the world. The phenomenal interest is shown by the contributors to discuss and analyse the critical issues related to inflows and outflows of FDI in global and emerging countries' perspective. Eight papers have been selected on the recommendation of the reviewers' comments for the special issue. These papers have touched upon the different significant issues on the theme.

Structure of the papers

The first paper contributed by Omar Al-kasasbeh, Amro Alzghoul and Khaled Alghraibeh investigates why countries attract FDI by utilising factors and channels such as vertical or horizontal FDI as well as COVID-19's impact on FDI flows in emerging economies with data from 1990 to 2020? Models of kinked exponential growth for estimating growth rates and the Andrew and Zivot trend formulations are used to analyse the rise in FDI inflows. However, estimations show that vertical and horizontal factors promote FDI inflow into the Russian Federation and India. China's horizontal motivation, on the contrary, is critical. Inflows of FDI into Brazil and South Africa appear to be unrelated. The second paper submitted by Linus Nyiwul1 and Niraj P. Koirala observed that the primary sector is vital for growth and sustainable development in emerging countries. The combined effects of COVID-19 and geopolitical uncertainty on capital flows are likely to have profound impacts on many developing countries. Decrease in capital inflows into agriculture will negatively affect food security and growth. The effect of FDI on value added in agriculture, forestry and fishing remains positive for up to five years in our model. This implies FDI has a medium- to long-term positive impact on value added in agriculture, forestry and fishing. Third paper written by Jacques Yana Mbena examines the status quo in the literature on sustainable foreign direct investment "FDI" in West and Central Africa. It is believed that utilising the FDI Qualities Policy Toolkit developed by the Organisation for Economic Co-operation and Development "OECD" will help identify which policies are acknowledged today and the ones that may need particular attention from academia and policymakers. The paper also informs through a literature-based review on determinants that academia and policymakers need to give particular attention to for better addressing all subjects around sustainable FDI in West and Central Africa. Fourth paper contributed by Mojtaba Hajian Heidary highlights that COVID-19 pandemic is a great challenge that the world has been faced in recent decades. The pandemic has affected the global trade and has caused a dramatic fall in Foreign Direct Investments (FDI). The impact on FDI is concentrated in the countries that are severely hit by the pandemic, although negative impact of disruptions is observed in other countries. In this paper, a system dynamics model is developed to simulate the impact of the pandemic on the FDI. Results showed that the level of force majeure condition and also the level of flexibility are two important factors that have impact on the FDI and other important variables of the supply chain. In the case of lower severity of pandemic and higher flexibility, FDI is higher than the case that these parameters are in their worst condition. Fifth paper written by Ozcan Karahan and Musa Bayır focussed at the effects of expansionary monetary policies implemented before and during COVID-19 on foreign direct investment (FDI) flows to emerging economies. In this context, the effect of expansionary monetary policies on FDI has been tried to be determined through the changes created in financial indicators such as interest rate and stock market index. The general policy prescription obtained from the results of the study shows that developing countries would need much more FDI-attracting policies in order to compensate for the negative financial effects of contractionary monetary policies implemented in the post-COVID-19 period. Sixth paper submitted by Sinem Kocak and Ozge Barış-Tuzemen explored the role of the COVID-19 pandemic on foreign direct investment in 12 emerging countries for the period between 2014 and 2021. The results show that the pandemic has an inverse effect on foreign direct investment in low- and middle-foreign investment receiving countries, while the effect is insignificant in high-foreign investment receiving countries. Apparently, the health crisis has been further harmful to the countries that have weaker economic structures. Seventh paper opined that the COVID-19 pandemic has impacted every aspect of our lives. The economic effects include the adverse consequences for economic growth, international trade, and foreign direct investment. This paper presents stylised facts about the fall and rebound of FDI inflows as a result of the pandemic. The effects of COVID-19 are considered from three angles: macroeconomic shocks to the economy, theories of foreign direct investment, and studies of the economic effects of disasters and crises. The change of heart away from globalisation and deindustrialisation may discourage FDI flows, which have already been undermined by other factors such as the digitisation of the economy and the emergence of Industry 4.0. The last paper, i.e., eighth paper contributed by Rowland Tochukwu Obiakor, Kingsley Ikechukwu Okere, Obumneke Bob Muoneke and Nnamdi Chinwendu Nwaeze, investigated the symmetric and asymmetric effects of FDI-growth nexus amidst financial crises, economic crises and COVID-19 pandemics in Nigeria over the period 1983–2020. Having confirmed the long-run stable state among the variables, the symmetric estimates suggest that the FDI inflow/outflow is significantly linked with economic growth both in the long and short run, while the asymmetric model suggests that the parameter estimates have asymmetric effects on economic growth during the economic crisis in Nigeria. Specifically, the positive shocks in FDI inflow/outflow generate a significant reducing impact on economic growth, while negative shocks in FDI inflow/outflow generate a significant increasing effect on economic growth.

I am of the view and confident that the collection of papers for special Issue will give you an interesting and an in-depth reading and knowledge on the theme of the special Issue. The special issue is light and fruit bearing both in nature and contents.

Being the guest editor, it is my obligation to extend thanks to those persons who have directly and indirectly contributed to the publication of the issue. First, I am grateful to the reviewers who have spared their value time in examining the papers. Second, I am thankful to the executive editor of Future Business Journal [FBJ] Prof. Dr. Ghada Refaat Mohamed Elsaid; without her sincere and dedicated efforts, the special issue would not have seen the light of the day. I would like to take this opportunity to thank you for your great cooperation and professional communication. Last but not least, I am very much obliged to Mrs. Sara Ibrahim, Associate Publisher, Spring Nature who helped a lot in publishing the special issue.

I wish all the success to the special issue.

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Publisher's Note