The new determinant creation theory: a way to attract new foreign direct investment flows

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Foreign direct investment, determinants, public policy, theories.

Abstract

According to the literature related to the movement of foreign direct investment (FDI) worldwide, there are two main causes for these flows. The first one is related to the decision taken by companies to invest in certain markets according to their own international strategy and, the second corresponds to the government's policy designed to attract capital through the use of various factors such as infrastructure, skilled labor, cheap labor, industrial policy, natural resources, gross domestic product, the legal system, geographic location, cancellation fees, among others. Thus, governments attract capitals to certain types of industries using the attractiveness of their determinants.

Considering the above approach, if a government wants to attract capital to an industrial sector different than to which traditionally it tries to attract, should it create new determinants to attract new investment flows? This paper proposes a new theory to attract new investment flows based on the creation of new determinants. To develop this new determinant creation theory, the case of Mexico is analyzed.

1.   Introduction

In recent years, FDI has grown faster than trade flows and global production for various reasons such as political and economic changes in many developing countries, which are characterized by the change to democratic political systems as well as changes toward economic and legal systems oriented in the direction of trade liberalization in which Mexico played an important role since 1986 when signed as a GATT member.

Many developing countries have made economic and structural arrangements in order to obtain some benefits and attract FDI. Because of such liberalization and changes, the FDI increased in developing countries in the 1990´s (Erdal and Tatoglu, 2002).

Since 1993, the FDI became an important source of private capitals outflows and inflows for Mexico as well as for many countries around the world. From that year, Mexico's public policy oriented to FDI flows uptake changed since a new foreign investment law was created. The new law expressed the need to encourage domestic and foreign productive investment within the country. Later on, in 2007 the PROMEXICO federal office was open for the purpose of attracting investment flows through different strategies like working together with the 32 states to make them attractive to foreign capitals.

The attractiveness of a state or a city depends on the number and kind of determinants they possess. Based on the state development plans for the 32 Mexico´s states, the most relevant determinants used to obtain FDI are infrastructure, skilled labor, low labor cost, security, tax-break, natural resources, gross domestic product, legal system, geographical location and industrial policy. Related to industrial policy, Deichmann *et al.* (2003) found that some factors determining the spatial decisions of multinational firms in a Middle East country depend on policy implications.

Considering the above, the government agenda should focus on making the country more attractive for FDI, especially in times of crisis when traditional determinants are put to the test and inspire proposals for new opportunities. Popovici (2012) notes that the idea of entering a new era of determinants of FDI is not new as there are several studies that highlight the key factors for attracting FDI. This emphasizes that the classical theories of FDI probably should be changed and others should be based on the emergence of new local capacities.

This research is divided as follows. In second part, a literature review is offered. Several papers were analyzed to describe the key factors for attracting FDI based on classical theories in order to compare

them with the determinants used by Mexican government during 2000 to 2012. Section three includes the data and variables used to demonstrate the model proposed in section five. Descriptive statistics are presented in section four and finally, conclusions are discussed in section six.

2. Literature review

Most of the literature related to the attraction of FDI by countries is based on different theories such as localization economies and their determinants or related to trade and resource endowments. In that sense, the eclectic paradigm of Dunning (1988) argues that the path FDI takes is partly due to the specific advantages which one country has, based upon its regional geographic location and / or location in the world. These advantages arise from using resource endowments and / or assets held abroad by some countries in the world which are attractive to a company by combining them with its own resources.

That combination suggests that if a foreign company wants to use the resources of a country, it should establish a subsidiary by initiating a flow of FDI and then establish a start-up of an operating facility (Hill, 2008).

Likewise, the theory of international production suggests that the decision of a company to start manufacturing operations in other countries depends on certain attractions that the country of origin of the company has compared to the resources and benefits that it will obtain in locating a manufacturing subsidiary abroad (Morgan and Katsikeas, 1997). The theory of trade and resource endowment explains that FDI is directed toward countries with low wages and abundant natural resources that provide inherent differences of opportunity and initial favorable conditions for businesses.

There is a consensus as to the characteristics required for a host country to attract FDI which is that it depends on the motivations that foreign investors have in relation to their investment projects . According to Dunning (1983), the first reason is related to the market, whose main purpose is to serve local and regional markets from the FDI host country if the market grows and generate some return for the investor, the second relates to the investment made by a company in acquiring resources that are not available in the country of origin such as natural resources and low-cost inputs including labor. The latter corresponds to the level of efficiency achieved through the dispersion of value chain activities considering that the geographical proximity to the country of origin will minimize transportation costs. All this suggests that the direction in which FDI is aimed, is highly related to the comparative advantages (Kinoshita, 2003) of a given country. Then, one country that has, among other determinants, access to markets as well as cheap labor and abundant natural resources will attract large inflows of FDI.

Berkoz (2009) argues that countries have traditional factors and environmental variables that are attractive to foreign companies. The traditional factors are market potential, labor costs, economic growth and government policies. The environmental variables correspond to political, economic, legal and infrastructural factors. Kinoshita (2003) in turn, maintains that the most important determinants a country has to attract FDI are government institutions, natural resources and economies of agglomeration. Government institutions are one factor contributing to decisions by investors as to whether to invest or not in a particular country because these institutions directly affect the operating conditions of enterprises. The investment cost for companies is not only economic but they also have to fight against entrenched practices in countries such as bribery and time lost in engaging in diverse and various negotiations resulting from the arrival of the company to a new market. Therefore, for the operating conditions of a company to appear reliable to the investor, there are two institutional variables to be considered: The legal system and the quality of the bureaucracy. As for the legal system, both its impartiality as well as popular perception of it is good determinants of the reliability of legal institutions in the country. Likewise, the variable related to the quality of the bureaucracy describes a non-political and professional bureaucracy which in turn facilitates the procedures for staff to be hired. With respect to agglomeration economies, investors seek those markets where there are benefits derived from the concentration of economic units which results in positive externalities (benefits and technological spill, use of skilled labor and concentrated in specific locations and links forward and backward with related industries) but also by investments made by other investors which can be seen as a positive sign of favorable investment conditions reducing uncertainty. As for the natural resources, Rasiah (2000) argues that developing economies with a resource-rich endowment obtains FDI.

Other studies describing the FDI determinants indicate that the infrastructure, good governance, taxes (Rasiah, 2000) and the labor market are conditions that governments must maintain (Bellak, et. al., 2010) but Lim (1983) found a negative relationship between investment incentives and FDI in 27 developing countries. Groh and Wich (2009) describe the attractions to attract FDI in a country as labor costs, quality and the provision of quality infrastructure and legal systems. On the other hand, some authors consider that the provision of infrastructure should be a precondition for companies to establish subsidiaries in foreign markets as are a major emphasis on the provision of transport infrastructure as well as information and communication technologies (Botric and Skuflic, 2006, Goodspeed, et. al., 2009). Studies by Wei *et al*. (1999), Mariotti and Piscitello (1995), Broadman and Sun (1997) and He (2002) conclude that there is a positive relationship between infrastructure and FDI because the better the infrastructure is in a location the higher its desirability. Rasiah (2000), states out that FDI in developing countries is concentrated in economies endowed with good infrastructure.

In a recent research conducted by Botello and Davila (2013), concluded that public policy used in some states of Mexico to attract FDI, is based on the attractiveness of some determinants like skilled labor, cheap labor and infrastructure. As opposed to what Botello and Davila (2013) concluded, Ondrich and Wasylenko (1993) and Rasiah (2000) found that there is no evidence that wages affect the location of new foreign plants, specially cheap labor but that it´s not the case for skilled labor. Flexible production forms have given rise to greater dispersal of organizational power as well as process innovation; local accumulation at peripheral sites has stimulated economic progress, albeit only in locations generating the requisite skills (Rasiah, 2000), suggesting that specialized FDI requires skilled labor. In the same way, Mendoza (2011) found that manufacturing companies established with foreign economic resources in Mexico demands skilled labor.

According to the research studies mentioned above, there are similarities in the description of the traditional determinants, which explain the attractiveness of a country with respect to foreign capital which suggests that the design of public policy in some countries and Mexico in particular, in relation to attracting financial resources from abroad, is very similar. In the case of Mexico, the statistics of attracting FDI for the period covering 2000 to 2012 show that relationship. In fact, the 32 Mexico´s states development plans for 2000 to 2012 showed that the most common used determinants for attracting FDI are infrastructure, skilled labor, cheap labor, industrial policy, natural resources, gross domestic product, the legal system, geographic location, tax break and security. Berkoz (2009) found almost the same determinants for the case of Turkey and suggests that a location analysis needs to be done in order to develop specific growth strategies to be applied by policy-makers in their plans to attract FDI to certain locations. Figueroa (2012) assumes that tax facilities, proximity to markets, and cheap labor are insufficient factors to guarantee the cycle of capital, since what stands out is the outgoing transfer of the innovation activity itself, which suggests that the attraction of new FDI flows requires the creation of new determinants or the renewal of the most used. The advance of global knowledge has become itself as an attractive determinant to catch the attention of investors. In recent years, many countries around the world are worried about the way they are going to attract capitals. Should they create new determinants or renewal the ones that are always used? As for the case of Mexico, an FDI behavior from 2000 to 2012 is described in section 5.

3.   Objectives, Variables, Hypotheses and Data
3.1   Objectives
The objective of this research is to demonstrate that the improvement of the determinants used by the 32 states of Mexico from 2000 to 2012 to attract foreign direct investment contributed to increase inflows.

3.2   Variables
3.2.1   fdi (amount of foreign direct investment). Fdi has been selected as a dependent variable relative to the amount of Mexico´s foreign direct investment inflows from 2000 to 2012.
The independent variables in their different modalities that will be considered for the theoretical models are:

3.2.2   qualab (qualified labor). This variable explains if skilled labor was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.3   wage (minimum wage). This variable explains if low cost labor was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.4   tax (exemption from tax payment). This variable explains if exemption from tax payment was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.5   natures (natural resources). This variable explains if natural resources were used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.6   gnp (gross national product). This variable explains if gross national product was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.7   legal (legal framework). This variable explains if a legal framework was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.8   indpolicy (industrial policy). This variable explains if a foreign direct investment industrial policy was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.9   infra (infrastructure). This variable explains if infrastructure was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.10 security. This variable explains if security was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.11 geoub (geographical location). This variable explains if geographical location was used as a determinant to attract foreign direct investment from 2000 to 2012 by the 32 states of Mexico.

3.2.12 impdet (improvement of determinants). This variable was selected as a dependent variable to use it in the *probit* model in order to explain the probability of improvement of the determinants used to attract foreign direct investment contributed to increase inflows from 2000 to 2012 by the 32 states of Mexico.

3.3   Hypotheses

H_1: The attraction of foreign direct investment depends on infrastructure development within Mexico from 2000 to 2012

H_2: The attraction of foreign direct investment depends on skilled labor within Mexico from 2000 to 2012

H_3: The attraction of foreign direct investment depends on cheap labor within Mexico from 2000 to 2012

H_4: The attraction of foreign direct investment depends on security within Mexico from 2000 to 2012

H_5: The attraction of foreign direct investment depends on tax exemption within Mexico from 2000 to 2012

H_6: The attraction of foreign direct investment depends on natural resources endowment within Mexico from 2000 to 2012

H_7: The attraction of foreign direct investment depends on gross national product in Mexico from 2000 to 2012

H_8: The attraction of foreign direct investment depends on the legal framework within Mexico from 2000 to 2012

H_9: The attraction of foreign direct investment depends on geographical location of Mexico from 2000 to 2012

H_{10}: The attraction of foreign direct investment depend on industrial policy within Mexico from 2000 to 2012

H_{11}: The probability of determinants improvement will attract more foreign direct investment flows

3.4   Data

Ninety six state development plans were reviewed by the authors to build a database for this research. These plans were accumulated by the government of each state of Mexico. The determinants used to attract foreign direct investment by the 32 states during 2000 and 2012 were skilled labor, cheap labor, tax exemption, legal framework, security, natural resources, infrastructure, gross national product, industrial policy and geographical location which according to different authors, are the most common used around the world despite that it is not clear if the determinants are new or renewal for countries.

4. Descriptive Statistics

The period studied (2000-2012) showed that the maximum intake of foreign resources by Mexico was $ 22062.50 billion USD in 2001 while there was also a divested FDI by $ 531.50 in 2005. In 2009 and 2010 there was a fallen in the attraction of FDI because of the financial crisis worldwide but in 2012 the fallen was worst that might be caused by the end of President Felipe´s Calderon government. In 2013, Mexico began to recover the attraction of FDI (Table 1).

Table 1

fdi	Obs.	Mean	Std. Dev.	Min	Max
2000	32	569.52	1629.01	-5.60	9044.10
2001	32	937.00	3877.44	-20.90	22062.50
2002	32	749.60	2925.67	-17.20	16607.20
2003	32	590.51	2017.56	-11.50	11441.10
2004	32	782.42	2593.37	-1.50	14499.10
2005	32	770.90	2395.41	-531.50	12822.20
2006	32	646.84	1827.94	-110.00	10284.60
2007	32	1005.75	3134.92	-51.30	17802.00
2008	32	885.52	2421.98	-17.10	13753.20
2009	32	532.98	1605.22	-59.90	9039.00
2010	32	719.60	1673.63	-26.90	7987.00
2011	32	719.03	2581.73	-147.40	14748.00
2012	32	538.24	1153.70	-62.60	6540.50
2013	32	1099.64	3820.40	-136.10	21882.50
Total	448	753.40	2501.16	-531.50	22062.50

Table 2 shows the maximum and minimum values of foreign direct investment by the 32 states of Mexico. The states that capture the greater foreign direct investment were Distrito Federal, Nuevo Leon, Estado de Mexico, Chihuahua and Jalisco and the states that captured the less were Hidalgo, Guerrero, Chiapas, Colima and Oaxaca. The states that attracted the largest amount of investment created or renewed some determinants that allowed them to attract greater investment flows while states that captured lower flows neither create nor renewed determinants. For example, Distrito Federal is the capital of the country and many international headquarters are established there. As for the case of Nuevo Leon, the decision of create or renew determinants has become an important role in public policy because of the attraction of capital flows to aeronautical and aerospace industries.

Table 2

fdi	Obs.	Mean	Std. Dev.	Min	Max
Aguascalientes	14	233.04	194.47	8.00	645.00
Baja California	14	904.88	250.83	542.30	1553.00
Baja California Sur	14	341.33	184.84	81.30	630.10
Campeche	14	2.61	62.71	-136.10	113.40
Chiapas	14	12.03	14.30	-11.20	41.20
Chihuahua	14	1209.76	452.45	584.60	1920.00
Coahuila	14	333.20	383.70	121.60	1221.80
Colima	14	17.57	18.91	-4.70	64.60
Distrito Federal	14	13465.31	4807.22	6940.90	22061.90
Durango	14	160.39	189.65	-21.00	574.50
Estado de Mexico	14	1244.10	782.91	543.30	3874.80
Guanajuato	14	256.60	224.61	-70.20	734.00
Guerrero	14	31.01	48.17	-48.00	110.30
Hidalgo	14	5.00	30.26	-65.00	77.50
Jalisco	14	733.88	430.23	280.40	1888.00
Michoacan	14	132.19	421.74	-110.00	1540.30
Morelia	14	101.27	143.73	-56.30	455.30
Nayarit	14	88.39	40.18	19.90	180.30
Nuevo Leon	14	2260.60	1442.74	524.90	5379.70
Oaxaca	14	20.96	23.73	-1.90	78.30
Puebla	14	472.50	408.57	-531.50	1261.30
Quintana Roo	14	260.38	223.84	14.30	889.70
Queretaro	14	325.19	191.66	56.20	661.80
San Luis Potosi	14	163.37	187.30	4.00	500.40
Sinaloa	14	79.00	94.34	13.30	349.20
Sonora	14	303.34	304.39	37.40	1284.40
Tabasco	14	54.01	50.70	0.90	130.80
Tamaulipas	14	401.66	143.08	208.60	725.80
Tlaxcala	14	23.14	39.04	-17.20	116.90
Veracruz	14	67.87	109.76	-147.40	272.10
Yucatan	14	36.03	33.24	9.30	132.80
Zacatecas	14	265.73	447.60	0.10	1517.00
Total	448	753.40	2501.16	-531.50	22062.50

5. Methodology, Models and Results
5.1 Methodology

To test the hypotheses proposed in this research were carried out several models which used the methodology of linear regression by ordinary least squares, the results for these models indicate the nature of each of the variables used, and the relationship they have with the dependent variable and its statistical significance.

Once we have variables that will be employed in a probit model originally used by Bliss (1934) as well as applied to stochastic models by Steinbrecher and Shaw (2008) it was necessary to check and simulate the dependent variable (impdet), which was developed as the probability that there is an improvement in the determinants that each one of the Mexican states raised in their public policies and in

their development plans, related to foreign direct investment flows. The probit model tested the hypotheses and the main objective of this research.

It is important to note that the probit model was used to propose a new theory of attraction of foreign direct investment based on the creation of new determinants or renewal thereof as part of the public policy of the countries. The database developed for this study contains data on the determinants used by each of the states of Mexico for a period of twelve years. During those years, there are states that do not use the ten determinants commonly used to attract foreign direct investment or there are states that decide to improve the determinants and previously used by the states. In any of these circumstances apply to the proposal of the new theory.

5.2   Models
The following equations are the proposal models to prove the hypotheses postulated earlier:
Model 1

$$fdi = \beta_0 + \beta_1 infra + \beta_2 qualab + \beta_3 wage + \beta_4 security + \beta_5 tax + \beta_6 natures + \beta_7 gnp + \beta_8 legal + \beta_9 geoub + \beta_{10} indpolicy + u$$

Model 2

$$fdi = \beta_0 + \beta_1 qualab + \beta_2 wage + \beta_3 tax + \beta_4 natures + \beta_5 gnp + \beta_6 legal + \beta_7 indpolicy + u$$

Model 3

$$fdi = \beta_0 + \beta_1 infra + \beta_2 security + \beta_3 geoub + u$$

Model H_1

$$fdi = \beta_0 + \beta_1 infra + u$$

Model H_2

$$fdi = \beta_0 + \beta_1 qualab + u$$

Model H_3

$$fdi = \beta_0 + \beta_1 wage + u$$

Model H_4

$$fdi = \beta_0 + \beta_1 security + u$$

Model H_5

$$fdi = \beta_0 + \beta_1 tax + u$$

Model H_6

$$fdi = \beta_0 + \beta_1 natures + u$$

Model H_7

$$fdi = \beta_0 + \beta_1 gnp + u$$

Model H_8

$$fdi = \beta_0 + \beta_1 legal + u$$

Model H_9

$$fdi = \beta_0 + \beta_1 geoub + u$$

Model H$_{10}$

$$fdi = \beta_0 + \beta_1 \, indpolicy + u$$

Model$_{11}$

$$P(impdet) = \beta_0 + \beta_1 \, fdi + u$$

5.3   Results

The interaction of all independent variables in Model 1 is shown with respect to the dependent variable. It was expected that all the variables were significant but, the *infra*, *security* and *geoub* variables were not. So we proceeded to separate the significant (Model 2) and non-significant variables (Model 3) to verify whether the results would be the same, which were confirmed.

Subsequently, the interaction of the dependent variable with each of the independent variables was done to confirm its significance (Models H$_1$ to H$_{10}$). The results demonstrate that the only variable that has no significance is *security*.

Once interactions were tested using linear regressions, a simulation using the *probit* model (Model H$_{11}$) was done. The results showed that the probability of an improvement in the determinants increased flows of foreign direct investment.

6.   Conclusions

The theories proposed by several authors to explain how countries attract FDI are diverse. Some are based on the use of different determinants as part of its public policy. In this sense, during the period 2000-2012, Mexico used ten determinants in common for each of the 32 states to attract foreign direct investment, however, the safety-related determinant not found to be significant as part of its public policy because it is now known that Mexico is facing serious security problems and cannot use that determinant in attracting foreign direct investment. There are positive relations between the rest of the determinants and the dependent variable which is coherent with the literature review.

Since the period studied is twelve years, it was observed that some states of Mexico during that period decided to create or renew their determinants in order to attract more and new flows of foreign direct investment, so this article is based on the proposal of a new theory that studies the creation of new or renewal of the determinants used by governments as part of their public policy. The probit model demonstrates that relationship.

If any government in the world is interested in attracting new or more foreign direct investment must create or renovate determinants used to attract investment flows. There are probably cities or provinces who want to attract resources for certain types of industry but they must create or renew the related determinants, such that the different types of industry prevailing in a country use different determinants and some of them they shall not be used to attract new resources and should focus on the development of new determinants.

Such is the case of the State of Nuevo Leon in Mexico that sought to attract investment flows for a new industry in the state such as aerospace and aeronautical. The state government of Nuevo Leon had to create and renew the determinants traditionally used to attract investment flows to other industries and create or renovate suitable ones for aerospace and aeronautics.

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Appendix

Table 3 Stata´s results for Model 1

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
infra	-340.6887	471.7757	-0.72	0.471	-1269.61	588.2331
qualab	1398.227	454.5108	3.08	0.002	503.2996	2293.154
wage	1415.295	367.7762	3.85	0.000	691.1473	2139.443
security	-83.17773	345.2768	-0.24	0.81	-763.0245	596.669
tax	976.0842	338.4365	2.88	0.004	309.7059	1642.463
natures	-1931.841	317.8878	-6.08	0.000	-2557.759	-1305.923
gnp	888.0013	419.6766	2.12	0.035	61.66194	1714.341
legal	852.9122	396.8614	2.15	0.033	71.49596	1634.328
geovb	-267.715	497.5836	-0.54	0.591	-1247.452	712.0225
indpolicy	-736.166	549.2051	-1.34	0.181	-1817.546	345.2135
_cons	347.5079	629.5481	0.55	0.581	-891.9764	1587.172

Table 4 Stata´s results for Model 2

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
qualab	1219.686	396.3598	3.08	0.002	439.3098	2000.063
wage	1341.944	355.4095	3.78	0.000	642.182	2041.705
tax	1028.672	329.5587	3.12	0.002	379.8135	1677.531
natures	-1922.941	310.7509	-6.19	0.000	-2534.775	-1311.107
gnp	848.8141	399.6949	2.12	0.035	61.85992	1635.769
legal	792.9731	389.202	2.04	0.043	26.67764	1559.269
indpolicy	-775.2121	519.0061	-1.49	0.138	-1799.202	248.7721
_cons	3.261113	441.0376	0.01	0.994	-865.2927	871.615

Table 5 Stata´s results for Model 3

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
infra	970.3115	459.3825	2.11	0.036	65.89932	1874.724
security	-89.69055	371.6174	-0.24	0.809	-821.3146	641.9335
geoub	543.4215	506.8061	1.07	0.285	-454.3561	1541.199
_cons	-229.0134	540.6195	-0.42	0.672	-1293.361	835.3346

Table 6 Stata´s results for Model H_4

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
infra	1010.801	427.7017	2.36	0.019	168.7878	1852.813
_cons	170.5446	381.6776	0.45	0.655	-580.8609	921.9502

Table 7 Stata´s results for Model H_5

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
qualab	1576.867	335.6949	4.7	0.000	915.9869	2237.746
_cons	126.8685	246.2687	0.52	0.607	-357.9587	611.6957

Table 8 Stata´s results for Model H_6

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
wage	1004.043	343.8738	2.92	0.004	327.0616	1681.025
_cons	515.4752	232.7652	2.21	0.028	57.23229	973.718

Table 9 Stata´s results for Model H_7

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
security	182.6717	353.9487	0.52	0.606	-514.1441	879.4874
_cons	901.1123	225.8827	3.99	0.000	456.4189	1345.806

Table 10 Stata´s results for Model H_8

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
tax	1548.786	337.4327	4.59	0.000	884.4848	2213.087
_cons	288.4118	224.7506	1.28	0.200	-154.0528	730.8763

Table 11 Stata´s results for Model H_9

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
natures	-1376.339	337.9202	-4.07	0.000	-2041.6	-711.0782
_cons	1676.191	241.1081	6.95	0.000	1201.524	2150.859

Table 12 Stata´s result for Model H_{10}

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
gvp	1876.442	337.6892	5.56	0.000	1211.636	2541.247
_cons	238.5796	211.6229	1.13	0.261	-178.0406	655.1998

Table 13 Stata´s result for Model H$_{11}$

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
legal	1118.823	375.6361	2.98	0.009	379.311	1858.334
_cons	186.2309	315.5018	0.59	0.555	-434.8949	807.3567

Table 14 Stata´s result for Model H$_{12}$

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
georub	724.9074	502.2713	1.44	0.150	-263.9098	1713.725
_cons	350.7711	466.2793	0.75	0.453	-567.1891	1268.731

Table 15 Stata´s result for Model H$_{13}$

fdi	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
indpolicy	1005.329	506.2337	1.99	0.048	8.710632	2001.947
_cons	105.4432	470.9482	0.22	0.823	-821.7086	1032.595

Table 16 Stata´s result for Model H$_{14}$

impdet	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
fdi	0.0001203	0.0000321	3.75	0.000	0.0000574	0.0001832
_cons	-0.2330552	0.0628426	-3.71	0.000	-0.3562244	-0.109886