

Walter Kuemmerle. 1999. The drivers of foreign direct investment into research and development: an empirical investigation. *Journal of International Business Studies* 30(1) (first quarter), pp. 1-24.

Home-Based Exploiting (HBE) and Home-Based Augmenting (HBA) FDI in R&D

	<i>Incentives</i>	<i>Externalities</i>	<i>Policies</i>
<i>HBE</i>	Size and attractiveness of host market and increasing complexity of products and demand. MNEs attempt to increase presence and profitability by putting technological facilities closer to demand for product adaptation.	Technological externalities (human capital, scientific infrastructure, standards and quality) accruing through thorough linkages, that may eventually encourage HBA to occur.	Encourage FDI and investment in general, as well as rapid growth.
<i>HBA</i>	Existing technological capabilities (labs and human resources), scientific reputation, public and private investment in R&D and a R&D oriented industrial sector (provider of equipment, inputs and services).	Static externalities (training, infrastructures, etc) and dynamic ones (more R&D attracts more R&D).	Public investment in R&D.