

**Determinants of Outward FDI: Role of Technological  
Intensity, Spillovers and Intangible Assets  
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This study investigates whether foreign direct investment (FDI) is motivated by technological intensity, technology externalities (spillovers) and intangible asset acquisition motives. The analysis is undertaken for US outward FDI for a sample of developed economies using panel data estimation technique over the period 1982 to 2000. The results indicate that there is not just one set of factors, which explains FDI undertaken by US MNEs. Technological intensity in the host country is a significant determinant of outward FDI, as are traditional motives, such as market access and tariff-jumping motives. The results also show initially foreign markets are served through exports, and later through direct investment indicating the presence of horizontal FDI. Once the spillover and intangible asset acquisition motives are taken into account, the traditional explanation of market access motives in outward FDI disappears. We also find the existence of a non-linear relationship between spillovers from R&D activity and the incentive to undertake FDI. This is consistent with the idea that firms with either very low or very high levels of absorptive capacity may be the least likely to benefit from spillovers, as they either do not have the technological ability or are too similar in their technology to the MNEs to benefit from spillovers