

When Multinationals Leave: A CGE Analysis of the Impact of Divestments

This study examines a relevant topic at the time of economic crisis with most economies still struggling to revert back to pre-crisis growth rate. Analysis of impact of divestment on the Spain economy is very pertinent, as it witnessed higher FDI inflows from early 1960s. But, this trend has been reversed and the FDI inflows are affected by the divestments due to rising production costs for the affiliates of the MNEs. Consequently, the emerging and transition economies becoming favorable destination for FDIs. Most of the MNEs now have been shifting their bases and affiliates to developing nations like China. This scenario has made this study on divestment clearly of high importance. Therefore, I strongly recommend publication of this paper in your journal.

The authors were able to organize the study in coherent manner. Extensive literature review is very relevant and applicable.

The use of Computable General Equilibrium (CGE) model with the incorporation of MNEs differentiated from national firms and change in FDI inflows makes it more interesting. Empirical analysis has been confidently done with detailed presentation (in tabular form) and explanation.

The findings of this study is not only useful for Spain, but also for many other European countries, which experience similar MNE disinvestment. Consequently, the results of this study is very important to policy makers who would like to keep the MNEs and encourage more FDI into the country.

Few typos have been noted in the paper (For e.g. EMNs instead of MNEs in Page 2).

Conclusion has been written properly. I really enjoyed reading this paper and gained significant knowledge on the topic. Since this study is of high quality, I strongly recommend publishing this article in your valued journal.