

MORGAN STANLEY DEAN WITTER EMERGING MARKETS FUND INC

Form N-30D

March 06, 2003

ANNUAL REPORT
December 31, 2002

Morgan Stanley Emerging Markets Fund, Inc.

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Emerging Markets Fund, Inc.

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DIRECTOR

Belinda A. Brady
ASSISTANT TREASURER

INVESTMENT ADVISER

Morgan Stanley Investment Management Inc.
1221 Avenue of the Americas
New York, New York 10020

ADMINISTRATOR

JPMorgan Chase Bank
73 Tremont Street
Boston, Massachusetts 02108

CUSTODIAN

JPMorgan Chase Bank
3 Chase MetroTech Center
Brooklyn, New York 11245

STOCKHOLDER SERVICING AGENT

American Stock Transfer & Trust Company
59 Maiden Lane
New York, New York 10030
(800) 278-4353

LEGAL COUNSEL

Clifford Chance US LLP
200 Park Avenue
New York, New York 10166

INDEPENDENT AUDITORS

Ernst & Young LLP

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200 Clarendon Street
Boston, Massachusetts 02116

For additional Fund information, including the Fund's net asset value per share and information regarding the investments comprising the Fund's portfolio, please call 1-800-221-6726 or visit our website at www.morganstanley.com/im.

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Morgan Stanley
Investment Management Inc.
Investment Adviser

MORGAN STANLEY EMERGING MARKETS FUND, INC.

Letter To Stockholders

Overview

For the year ended December 31, 2002, the Morgan Stanley Emerging Markets Fund, Inc. (the "Fund") had a total return, based on net asset value per share of -5.49% compared with -6.17% for the Morgan Stanley Capital International (MSCI) Emerging Markets Free Net Index (the "Index"). On December 31, 2002, the closing price of the Fund's shares on the New York Stock Exchange was \$8.34, representing a 17.3% discount to the Fund's net asset value per share.

MARKET REVIEW

Overall, country allocation contributed positively to the Fund's performance while the impact of stock selection was mixed. Country allocations in Israel (primarily driven by stock selection as the country index was down 31.3%), coupled with underweights in Argentina (-50.7%) and our overweights in Indonesia (+41.9%) and South Korea (+8.3%) were strong contributors to relative performance. Our overweight position in Turkey (-35.8%) hurt performance. The Fund's holdings in Israel, India and China were positive contributors to relative performance while stock selection in Russia was weak.

In 2002, overall emerging market performance was hampered by weak global economic growth, domestic concerns in select emerging markets, the continued sell off of U.S. equities and increased geo-political risk. Nevertheless, in 2002 the asset class outperformed both the U.S. and developed international markets. The Index fell 6.2% versus a 15.9% decline in MSCI Europe, Australasia and Far East index and a 22.1% decline in the S&P 500.

Emerging markets started the year in positive territory as equities in this asset class were supported by early year expectations of a U.S. led economic recovery and positive economic data from select emerging markets countries. However, after outperforming for much of the year and rebounding over 40.0% from September 2001 lows, performance in this asset class turned negative during the second and third quarters. The sharp sell-off in Latin America (down 40.5% during the two quarters ended September 30, 2002) and profit taking within cyclical markets such as South Korea and Taiwan were the primary reasons for declines. Risk aversion increased on a global basis during the second quarter, dominated by negative sentiment toward Brazil (due to poor political outlook) and greater uncertainty over the global backdrop. Increased reports of corporate accounting fraud and concerns over the strength of the U.S. economic recovery coupled with geopolitical risks in the Asian sub-continent and the Middle East served to undermine investor confidence for much of the year. Nevertheless, amid a more favorable tone in U.S. equities, particularly in the months of October and November, global emerging markets rebounded given reduced political concerns in Brazil and better than expected corporate earnings and export data from select emerging markets. Global emerging markets ended the period in review with

a strong 10.0% fourth quarter return.

MARKET OUTLOOK

Our long-term outlook for emerging markets remains positive. We believe the emerging markets are well positioned to continue to outperform global markets given valuations, corporate fundamentals, relative growth and leveraged exposure to the pick-up in global sentiment and economic activity. Near-term, however, global equities are likely to remain volatile given concerns over high oil prices due to the crisis in Iraq and Venezuela, and economic uncertainties in the U.S., Japan and Germany. Nevertheless, our expectations are for oil prices to fall to more normal levels once the crises in Iraq passes and for global economies to recover in the second half of this year. Emerging markets are likely to be supported by reduced fears of a U.S. double dip recession as the economy begins to show the benefits of U.S. monetary easing that has lowered rates to 1.25%, a 41 year low. Signs of fundamental improvements in Turkey, Central Europe and Russia, along with patches of decent domestic strength in Asia, continue to support overall sentiment in emerging markets. On a bottom-up basis, we continue to focus on earnings visibility as a driver of medium-term returns.

OTHER DEVELOPMENTS

In our ongoing efforts to reduce Fund expenses, the Fund will discontinue the distribution of first and third quarter stockholder reports. The Fund will continue to produce and distribute semi-annual and annual stockholder reports. Additionally, the Fund's portfolio holdings information that was contained in the first and third quarter reports will be available on our web site, which is www.morganstanley.com/im, beginning in May of 2003. If you have difficulty accessing or navigating the site, or if you would like us to send you a copy of the portfolio holdings, please call us at 1-800-221-6726 and we will be happy to assist you.

On February 13, 2003, Barton M. Biggs resigned as Director and Chairman of the Board of Directors of the Fund. On that same day, Mitch Merin, President and Chief Operating Officer of the Adviser, was elected by the Fund's Board of Directors to serve as a Director and Chairman of the Board of Directors of the Fund.

Sincerely,

/s/ Ronald E. Robison

Ronald E. Robison
President and Director

January 2003

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Investment Summary (Unaudited)

December 31, 2002

Historical Information

TOTAL RETURN (%)	
MARKET VALUE (1)	NET ASSET VALUE (2)
AVERAGE	AVERAGE

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	CUMULATIVE	ANNUAL	CUMULATIVE	ANNUAL
One Year	(3.28)%	(3.28)%	(5.49)%	(5.49)%
Five Year	(5.90)	(1.21)	(4.23)	(0.86)
Ten Year	27.57	2.46	67.02	5.26
Since Inception*	64.63	4.57	99.07	6.37

Past performance is not predictive of future performance.

[CHART]

Returns and Per Share Information

	YEAR ENDED DECEMBER 31,						
	1993	1994	1995	1996	1997	1998	1999
Net Asset Value Per Share	\$28.20	\$20.30	\$14.69	\$15.69	\$15.52	\$10.33	\$21.00
Market Value Per Share	\$31.63	\$21.50	\$15.50	\$13.88	\$13.06	\$ 8.13	\$16.00
Premium/(Discount)	12.2%	5.9%	5.5%	(11.5)%	(15.9)%	(21.3)%	(23.0)%
Income Dividends	--	--	--	\$ 0.05	\$ 0.01	\$ 0.11	
Capital Gains Distributions	\$ 1.49	\$ 6.50	\$ 1.29	\$0.98	\$ 0.01	\$ 2.18	
Fund Total Return(2)	95.22%+	(5.33)%	(16.30)%+	13.84%	(0.97)%	(19.61)%	105.0%
Index Total Return(3)	74.84%	(7.32)%	(5.21)%	6.03%	(11.59)%	(25.34)%	66.0%

(1) Assumes dividends and distributions, if any, were reinvested.

(2) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. Total returns do not reflect the deduction of taxes that a stockholder would pay on Fund distributions or the redemption of fund shares. These percentages are not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

(3) The Morgan Stanley Capital International Emerging Markets Free Net Index is a market capitalization weighted index comprised of companies that are representative of the market structure of developing countries in Latin America, Asia, Eastern Europe, the Middle East and Africa. Dividends are assumed to be reinvested after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

* The Fund commenced operations on November 1, 1991.

+ This return does not include the effect of the rights issued in connection with the rights offering.

FOREIGN INVESTING INVOLVES CERTAIN RISKS, INCLUDING CURRENCY FLUCTUATIONS AND CONTROLS, RESTRICTIONS ON FOREIGN INVESTMENTS, LESS GOVERNMENTAL SUPERVISION AND REGULATION, LESS LIQUIDITY AND THE POTENTIAL FOR MARKET

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VOLATILITY AND POLITICAL INSTABILITY. IN ADDITION, INVESTING IN EMERGING MARKETS MAY INVOLVE A RELATIVELY HIGHER DEGREE OF VOLATILITY.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Portfolio Summary (Unaudited)

December 31, 2002

[CHART]

Allocation of Total Investments

Equity Securities	98.1%
Short-Term Investments	1.9%

[CHART]

Industries

Semiconductor Equipment & Products	13.0%
Banks	12.9%
Metals & Mining	11.1%
Oil & Gas	8.4%
Wireless Telecommunication Services	8.4%
Other	46.2%

[CHART]

Country Weightings

South Korea	21.7%
Taiwan	13.9%
South Africa	13.0%
Mexico	7.8%
India	5.9%
Other	37.7%

Ten Largest Holdings*

	PERCENT OF NET ASSETS

1. Samsung Electronics Co., Ltd. (South Korea)	8.8%
2. Anglo American plc (South Africa)	4.0
3. Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan)	2.8
4. SK Telecom Co., Ltd. (South Korea)	2.6
5. Telmex (Mexico)	2.6
6. Teva Pharmaceutical Industries Ltd. (Israel)	2.0

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7.	POSCO (South Korea)	1.9
8.	China Mobile (Hong Kong) Ltd. (China)	1.8
9.	America Movil SA de CV (Mexico)	1.6
10.	LUKoil Holdings (Russia)	1.5

		29.6%
		=====

* Excludes Short-Term Investments

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

STATEMENT OF NET ASSETS
December 31, 2002

Statement of Net Assets

	SHARES	VALUE (000)

COMMON STOCKS (98.0%) (UNLESS OTHERWISE NOTED)		
=====		
BRAZIL (4.8%) AEROSPACE & DEFENSE		
Embraer ADR	45,058	\$ 716

BANKS		
Banco Bradesco SA ADR	24,573	366
Banco Itau SA ADR	36,710	874
Banco Nacional SA (Preferred)	61,598,720 (a), (b)	--e
		1,240

BEVERAGES		
AmBev (Preferred) ADR	104,689	1,629

ELECTRIC UTILITIES		
CEMIG ADR	43,144	316

METALS & MINING		
CVRD (Preferred) ADR	74,013	2,036
CVRD ADR	12,600	364
		2,400

MULTILINE RETAIL		
Lojas Arapua SA (Preferred)	30,412,000 (a), (b)	--e
Lojas Arapua SA GDR	31,540 (a), (b)	--e
		--e

OIL & GAS		
Petrobras SA (Preferred) ADR	106,756	1,431
Petrobras SA ADR	48,663	727
		2,158

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PAPER & FOREST PRODUCTS		
Aracruz Celulose SA ADR	5,700	106
Votorantim Celulose e Papel SA ADR	20,600	338

		444

WIRELESS TELECOMMUNICATION SERVICES		
Celular CRT (Preferred), 'A'	1,182,547	103

		9,006
=====		
CHINA/HONG KONG (5.7%)		
AIRLINES		
China Southern Airlines Co., Ltd.	3,866,000	1,041

CHEMICALS		
Sinopec Shanghai Petrochemical Co., Ltd., 'H'	2,656,000 (a)	402

COMPUTERS & PERIPHERALS		
TPV Technology Ltd.	2,201,000	679

ELECTRIC UTILITIES		
Huaneng Power International, Inc., 'H'	1,374,000	1,101

ELECTRONIC EQUIPMENT & INSTRUMENTS		
Byd Co., Ltd.	177,000 (a)	356

MARINE		
China Shipping Development Co., Ltd.	573,000	120

METALS & MINING		
Yanzhou Coal Mining Co., Ltd., 'H'	832,000	331

OIL & GAS		
CNOOC Ltd.	1,675,000	2,180

TEXTILES & APPAREL		
Texwinca Holdings Ltd.	652,000	485

TRANSPORTATION INFRASTRUCTURE		
Cosco Pacific Ltd.	602,000	494

WIRELESS TELECOMMUNICATION SERVICES		
China Mobile (Hong Kong) Ltd.	1,415,000 (a)	3,366

		10,555
=====		
CZECH REPUBLIC (0.3%)		
BANKS		
Komercni Banka AS	4,200	290
Komercni Banka AS GDR	8,100	186

		476
=====		
HUNGARY (2.3%)		
BANKS		
OTP Bank Rt.	144,682	1,423
OTP Bank Rt. GDR	33,500	658

		2,081

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DIVERSIFIED TELECOMMUNICATION SERVICES		
Matav Rt.	100,736	365
Matav Rt. ADR	23,699	422
		787
OIL & GAS		
MOL Magyar Olaj-es Gazipari Rt.	35,236	823
MOL Magyar Olaj-es Gazipari Rt. GDR	24,789	580
		1,403
		4,271
INDIA (5.4%)		
AUTOMOBILES		
Hero Honda Motors Ltd.	131,200	743
Tata Engineering & Locomotive Co., Ltd.	87,000 (a)	293
		1,036
BANKS		
State Bank of India Ltd.	229,550 (b)	1,389
CHEMICALS		
Reliance Industries Ltd.	74,933	465
CONSTRUCTION MATERIALS		
Gujarat Ambuja Cements Ltd.	102,500	349

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Statement of Net Assets (cont'd) STATEMENT OF NET ASSETS
December 31, 2002

	SHARES	VALUE (000)
INDIA (CONT'D)		
DIVERSIFIED FINANCIALS		
Housing Development Finance Corp., Ltd.	58,510	\$ 437
DIVERSIFIED TELECOMMUNICATION SERVICES		
Mahanagar Telephone Nigam Ltd.	157,430	312
ELECTRICAL EQUIPMENT		
Bharat Heavy Electricals Ltd.	123,700	445
ENERGY EQUIPMENT & SERVICES		
Oil & Natural Gas Corp., Ltd.	53,000	387
HOUSEHOLD PRODUCTS		

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Colgate-Palmolive (India) Ltd.	73,190	206
Hindustan Lever Ltd.	160,500	608
		814

IT CONSULTING & SERVICES		
Infosys Technologies Ltd.	12,850	1,279
Wipro Ltd.	6,500	221
Wipro Ltd. ADR	6,000	201
		1,701

METALS & MINING		
Hindalco Industries Ltd.	34,600	423
Steel Authority of India Ltd.	1,105,066 (a)	236
Tata Iron & Steel Co., Ltd.	167,000	528
		1,187

OIL & GAS		
Hindustan Petroleum Corp., Ltd.	66,500	399

OTHER		
IndiaInfo.com PCL	116,052 (b), (f)	--@

PHARMACEUTICALS		
Ranbaxy Laboratories Ltd.	49,400	611

ROAD & RAIL		
Container Corp. of India Ltd.	107,600	515
		10,047
=====		
INDONESIA (3.2%)		
AUTOMOBILES		
Astra International Tbk PT	5,623,500 (a)	1,979

BANKS		
Bank Central Asia Tbk PT	2,975,500	831

DIVERSIFIED TELECOMMUNICATION SERVICES		
Telekomunikasi Indonesia Tbk PT	4,359,000	1,875

MULTILINE RETAIL		
Ramayana Lestari Sentosa Tbk PT	1,703,500	481

TOBACCO		
Hanjaya Mandala Sampoerna Tbk PT	2,081,500	861
		6,027
=====		
ISRAEL (2.7%)		
AEROSPACE & DEFENSE		
Elbit Systems Ltd.	1	--@

COMMUNICATIONS EQUIPMENT		
ECI Telecom Ltd.	180,332 (a)	366

INTERNET SOFTWARE & SERVICES		
Check Point Software Technologies Ltd.	69,044 (a)	896

PHARMACEUTICALS		

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Teva Pharmaceutical Industries Ltd.	24,840	927
Teva Pharmaceutical Industries Ltd. ADR	74,514	2,877
		3,804
		5,066
=====		
MALAYSIA (4.0%)		
BANKS		
Commerce Asset Holdings Bhd	550,000	469
Malayan Banking Bhd	798,900	1,556
Public Bank Bhd	537,875	321
		2,346

CONSTRUCTION & ENGINEERING		
Gamuda Bhd	840,000	1,216

DIVERSIFIED FINANCIALS		
AMMB Holdings Bhd	477,000	477

DIVERSIFIED TELECOMMUNICATION SERVICES		
Celcom (Malaysia) Bhd	1,853,000 (a)	1,190

HOTELS, RESTAURANTS & LEISURE		
Magnum Corp. Bhd	1,288,000	776
Resorts World Bhd	240,000	591
		1,367

REAL ESTATE		
SP Setia Bhd	733,500	473

SEMICONDUCTOR EQUIPMENT & PRODUCTS		
Malaysian Pacific Industries Bhd	118,000	431
		7,500
=====		
MEXICO (7.8%)		
BANKS		
Grupo Financiero BBVA Bancomer, 'B'	2,549,181 (a)	1,944

BEVERAGES		
Femsa UBD	300,775	1,095

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

STATEMENT OF NET ASSETS
December 31, 2002

Statement of Net Assets (cont'd)

SHARES
VALUE
(000)

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MEXICO (CONT'D)		
BEVERAGES (CONT'D)		
Grupo Modelo SA, 'C'	363,800	\$ 895

		1,990

DIVERSIFIED TELECOMMUNICATION SERVICES		
Telmex, 'L' ADR	149,975	4,796

MULTILINE RETAIL		
Wal-Mart de Mexico ADR	28,162	641
Wal-Mart de Mexico, 'C'	304,748	593
Wal-Mart de Mexico, 'V'	520,819	1,195

		2,429

TRANSPORTATION INFRASTRUCTURE		
Grupo Aeroportuario del Sureste SA ADR	26,450	411
Grupo Aeroportuario del Sureste SA, 'B'	149,200	165

		476

WIRELESS TELECOMMUNICATION SERVICES		
America Movil SA de CV ADR	204,627	2,938

		14,573
=====		
PHILIPPINES (0.1%)		
REAL ESTATE		
Ayala Land, Inc.	2,814,500	240
=====		
POLAND (2.8%)		
BANKS		
Bank Pekao SA	82,349	2,032
Bank Pekao SA GDR	7,705 (a)	189

		2,221

DIVERSIFIED TELECOMMUNICATION SERVICES		
Telekomunikacja Polska SA	36,751 (a)	122
Telekomunikacja Polska SA GDR	216,417 (a)	725

		847

MULTILINE RETAIL		
Eastbridge NV	33,600 (b), (f)	1,344

OIL & GAS		
Polski Koncern Naftowy Orlen SA	94,395	437
Polski Koncern Naftowy Orlen SA GDR	32,100	295

		732

		5,144
=====		
RUSSIA (4.9%)		
METALS & MINING		
MMC Norilsk Nickel ADR	32,400	655

OIL & GAS		

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Gazprom ADR	22,700	268
LUKoil Holdings ADR	46,719	2,870
Surgutneftegaz ADR	79,825	1,268
Surgutneftegaz (Preferred) ADR	23,039	537
Yukos ADR	9,833	1,386
		6,329

PAPER & FOREST PRODUCTS		
Alliance Cellulose Ltd., 'B'	156,075 (b)	--@

WIRELESS TELECOMMUNICATION SERVICES		
AO VimpelCom ADR	18,100 (a)	579
Mobile Telesystems ADR	40,200 (a)	1,493
		2,072
		9,056
=====		
SOUTH AFRICA (13.0%)		
BANKS		
FirstRand Ltd.	1,712,920	1,471
Nedcor Ltd.	25,500	331
Standard Bank Group Ltd.	680,880	2,395
		4,197

INDUSTRIAL CONGLOMERATES		
Bidvest Group Ltd.	134,715	707

INSURANCE		
Liberty Group Ltd.	38,720	247
Old Mutual plc	326,000	458
Old Mutual plc (London Shares)	1,214,257	1,721
Sanlam Ltd.	682,310	605
		3,031

METALS & MINING		
Anglo American Platinum Corp., Ltd.	40,370	1,488
Anglo American plc	250,688	3,700
Anglo American plc (London Shares)	250,287	3,719
AngloGold Ltd.	5,300	180
AngloGold Ltd. ADR	13,192	452
Gold Fields Ltd.	156,100	2,184
Gold Fields Ltd. ADR	7,700	107
Impala Platinum Holdings Ltd.	11,715	745
		12,575

OIL & GAS		
Sasol Ltd.	199,770	2,448

PAPER & FOREST PRODUCTS		
Sappi Ltd.	66,670	891
Sappi Ltd. ADR	11,970	158
		1,049

WIRELESS TELECOMMUNICATION SERVICES		
MTN Group Ltd.	206,340 (a)	295

=====

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

STATEMENT OF NET ASSETS

Statement of Net Assets (cont'd)

December 31, 2002

	SHARES	VALUE (000)

SOUTH KOREA (21.7%)		
AUTO COMPONENTS		
Hyundai Mobis	78,250	\$ 1,438

AUTOMOBILES		
Hyundai Motor Co., Ltd.		
Hyundai Motor Co., Ltd. (Preferred)	47,900	561

		1,223

BANKS		
Kookmin Bank	10,908	387
Shinhan Financial Group Co., Ltd.	162,530	1,699

		2,086

CHEMICALS		
LG Chem Ltd.	36,470	1,248

DIVERSIFIED FINANCIALS		
Daishin Securities Co., Ltd.	70,380	849
LG Investment & Securities Co., Ltd.	81,110	909
Samsung Securities Co., Ltd.	58,790 (a)	1,420
Seoul Securities Co., Ltd.	136,200	487

		3,665

FOOD PRODUCTS		
Tongyang Confectionery Corp.	14,000	685

HOUSEHOLD DURABLES		
Humax Co., Ltd.	43,540	534
LG Electronics Ltd.	51,857 (a)	1,806

		2,340

HOUSEHOLD PRODUCTS		
LG Household & Health Care Ltd.	18,400	583

INSURANCE		
Hyundai Marine & Fire Insurance Co., Ltd.	20,730	442

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MEDIA		
CJ Home Shopping	23,504	838

METALS & MINING		
POSCO	35,800	3,562

MULTILINE RETAIL		
Shinsegae Co., Ltd.	4,520	570

SEMICONDUCTOR EQUIPMENT & PRODUCTS		
Samsung Electronics Co., Ltd.	53,252	14,098
Samsung Electronics Co., Ltd. (Preferred)	18,120	2,292
		16,390

WIRELESS TELECOMMUNICATION SERVICES		
Pantech Co., Ltd.	47,840 (a)	577
SK Telecom Co., Ltd.	25,430	\$ 4,910
		5,487
		40,557
=====		
TAIWAN (13.9%)		
AIRLINES		
Eva Airways Corp.	28,290	662
	2,603,628 (a)	1,101

BANKS		
Taishin Financial Holdings Co., Ltd.	3,124,000 (a)	1,605

CHEMICALS		
Formosa Chemicals & Fibre Corp.	465,403	494
Formosa Plastics Corp.	829,000	1,091
		1,585

COMMUNICATIONS EQUIPMENT		
Accton Technology Corp.	1,338,975 (a)	1,372

COMPUTERS & PERIPHERALS		
Asustek Computer, Inc.	410,553	723
Quanta Computer, Inc.	898,200	1,477
Quanta Storage, Inc.	59,000 (a)	397
		2,597

CONSTRUCTION & ENGINEERING		
CTCI Corp.	487,000	260

DIVERSIFIED FINANCIALS		
Cathay Financial Holding Co., Ltd.	589,000	627
Chinatrust Financial Holding Co., Ltd.	3,392,748 (a)	2,771
Polaris Securities Co., Ltd.	1,382,000 (a)	483
Sinopac Holdings Co.	3,459,162 (a)	1,452
		5,333

ELECTRICAL EQUIPMENT		
Phoenixtec Power Co., Ltd.	746,000	566

ELECTRONIC EQUIPMENT & INSTRUMENTS		
Hon Hai Precision Industry Co., Ltd.	621,300	2,152

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Lite-On Technology Corp.	318,000	359
		2,511

LEISURE EQUIPMENT & PRODUCTS		
Largan Precision Co., Ltd.	105,300	590
Premier Image Technology Corp.	688,000	1,062
		1,652

SEMICONDUCTOR EQUIPMENT & PRODUCTS		
ASE Test Ltd.	52,600 (a)	210
Novatek Microelectronics Corp., Ltd.	282,000	533
Siliconware Precision Industries Co.	1,558,692 (a)	760

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

STATEMENT OF NET ASSETS

Statement of Net Assets (cont'd) December 31, 2002

	SHARES	VALUE (000)

TAIWAN (CONT'D)		
SEMICONDUCTOR EQUIPMENT & PRODUCTS (CONT'D)		
Taiwan Semiconductor Manufacturing Co., Ltd.	4,253,334 (a)	\$ 5,229
United Microelectronics Corp.	1,063,439 (a)	648
		7,380
		25,962
=====		
THAILAND (2.6%)		
BANKS		
Bangkok Bank PCL	1,143,100 (a), (b)	1,590
Thai Farmers Bank PCL	926,400 (a), (b)	645
		2,235

CONSTRUCTION MATERIALS		
Siam Cement (The) PCL NVDR	50,200	1,364

HOUSEHOLD DURABLES		
Land & Houses PCL	225,300	420

MEDIA		
BEC World PCL (Foreign)	72,300 (b)	342

WIRELESS TELECOMMUNICATION SERVICES		
Advanced Info Service PCL (Foreign)	504,600	418
		4,779

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=====			
TURKEY (2.5%)			
BANKS			
Akbank TAS		225,705,736 (a)	747
Turkiye Garanti Bankasi AS		380,604,000 (a)	493
Turkiye Is Bankasi AS, 'C'		96,524,000 (a)	253
			1,493

CONSTRUCTION MATERIALS			
Akcansa Cimento AS		39,153,000	229

DIVERSIFIED FINANCIALS			
Koc Holding AS		82,789,000 (a)	860

HOUSEHOLD DURABLES			
Arcelik AS		49,286,000 (a)	386

INDUSTRIAL CONGLOMERATES			
Enka Insaat ve Sanayi AS		11,943,094 (a)	295

MEDIA			
Hurriyet Gazetecilik ve Matbaacilik AS		209,393,175 (a)	549

WIRELESS TELECOMMUNICATION SERVICES			
Turkcell Iletisim Hizmetleri AS		158,251,000 (a)	925
			4,737
=====			
VENEZUELA (0.3%)			
DIVERSIFIED TELECOMMUNICATION SERVICES			
CANTV, 'D' ADR		45,243	570
=====			
TOTAL COMMON STOCKS			
(Cost \$196,161)			182,868
=====			
INVESTMENT COMPANIES (0.5%)			
=====			
INDIA (0.5%)			
Morgan Stanley Growth Fund			
(Cost \$891)		4,694,400 (a), (c)	925

			FACE
			AMOUNT
			(000)

DEBT INSTRUMENTS (0.0%)			
=====			
INDIA (0.0%)			
BUILDING PRODUCTS			
DCM Shriram Investments Ltd. 0.00%	INR	330 (b), (d)	--@

METALS & MINING			
DCM Shriram Industries Ltd. 0.00%		335 (b), (d)	--@
Shri Ishar Alloy Steels Ltd. 15.00%		581 (b), (d)	--@
			--@
=====			
TOTAL DEBT INSTRUMENTS			

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(Cost \$1,495)				--@
=====				
SHORT-TERM INVESTMENT (1.6%)				
=====				
UNITED STATES (1.6%)				
REPURCHASE AGREEMENT				
J.P. Morgan Securities Inc.,				
1.05%, dated 12/31/02,				
due 1/02/03 (Cost \$2,997)\$		2,997 (e)		2,997
=====				
FOREIGN CURRENCY ON DEPOSIT WITH CUSTODIAN (0.3%)				
=====				
Brazilian Real	BRL	78		22
Euro	EUR	43		45
Hong Kong Dollar	HKD	1		--@
Hungarian Forint	HUF	275		2
Indian Rupee	INR	5,458		114
South Korean Won	KRW	350		--@
Taiwan Dollar	TWD	13,312		384
Turkish Lira	TRL	10,294		--@

TOTAL FOREIGN CURRENCY				567
(Cost \$563)				
=====				

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

STATEMENT OF NET ASSETS
December 31, 2002

Statement of Net Assets (cont'd)

	VALUE (000)

TOTAL INVESTMENTS (100.4%)	
(Cost \$202,107)	\$ 187,357
=====	

	AMOUNT (000)	
=====		
OTHER ASSETS (0.6%)		
Cash	\$ 1	
Receivable for Investments Sold	472	
Interest Receivable	302	
Dividends Receivable	239	
Tax Reclaim Receivable	83	
Other	24	1,121
=====		
LIABILITIES (-1.0%)		
Payable For:		

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Investments Purchased	(958)	
Investment Advisory Fees	(204)	
Dividends Declared	(137)	
Custodian Fees	(102)	
Directors' Fees and Expenses	(57)	
Stockholder Reporting Expenses	(47)	
Professional Fees	(36)	
Country Tax Expense	(15)	
Administrative Fees	(11)	
Net Unrealized Loss on Foreign Currency Exchange Contracts	(1)	
Other Liabilities	(342)	(1,910)
=====		
NET ASSETS (100%)		
Applicable to 18,499,794 issued and outstanding \$0.01 par value shares (100,000,000 shares authorized)		\$ 186,568
=====		
NET ASSET VALUE PER SHARE		\$ 10.08
=====		
AT DECEMBER 31, 2002, NET ASSETS CONSISTED OF:		
Common Stock		\$ 185
Paid-in Capital		289,838
Undistributed (Distributions in Excess of) Net Investment Income		(1,027)
Accumulated Net Realized Gain (Loss)		(89,095)
Unrealized Appreciation (Depreciation) on Investments and Foreign Currency Translations		(13,333)
=====		
TOTAL NET ASSETS		\$ 186,568
=====		

- (a) -- Non-income producing.
- (b) -- Investments valued at fair value- see Note A-1 to financial statements. At December 31, 2002, the Fund held \$5,310,000 of fair-valued securities, representing 2.8% of net assets.
- (c) -- Fund is advised by an affiliate.
- (d) -- Security is in default.
- (e) -- The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of this statement of net assets. The investment in the repurchase agreement is through participation in a joint account with affiliated funds.
- (f) -- Restricted security not registered under the Securities Act of 1933. Eastbridge NV and IndiaInfo.com PCL were acquired 7/93 and 3/00, respectively, at a cost of \$2,259,000 and \$511,000, respectively. At December 31, 2002, these securities had an aggregate market value of \$1,344,000, representing 0.7% of net assets.
- @ -- Value less than \$500.
- ADR -- American Depositary Receipt
- GBP -- British Pound
- GDR -- Global Depositary Receipt
- HKD -- Hong Kong Dollar
- IDR -- Indonesian Rupiah
- INR -- Indian Rupee
- NVDR -- Non Voting Depositary Receipt
- PCL -- Public Company Limited
- ZAR -- South African Rand

=====

FOREIGN CURRENCY EXCHANGE CONTRACT INFORMATION:

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The Fund had the following foreign currency exchange contract(s) open at period end:

CURRENCY TO DELIVER (000)	VALUE (000)	SETTLEMENT DATE	IN EXCHANGE FOR (000)	VALUE (000)	NET UNREALIZED GAIN (LOSS) (000)	
US\$	73	\$ 73	1/02/03	IDR 652,016	\$ 72	\$ (1)
US\$	31	31	1/07/03	ZAR 269	31	--@
US\$	27	27	1/02/03	HKD 209	27	--@
US\$	96	96	1/03/03	HKD 748	96	--@
GBP	50	81	1/02/03	US\$ 81	81	--@
ZAR	170	20	1/03/03	US\$ 20	20	--@
		\$ 328			\$ 327	\$ (1)

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

STATEMENT OF NET ASSETS

Statement of Net Assets (cont'd) December 31, 2002

SUMMARY OF TOTAL INVESTMENTS BY INDUSTRY
CLASSIFICATION -- DECEMBER 31, 2002 (UNAUDITED)

INDUSTRY	VALUE (000)	PERCENT OF NET ASSETS
Airlines	\$ 2,142	1.1%
Automobiles	4,238	2.3
Banks	24,144	12.9
Beverages	3,619	1.9
Chemicals	3,700	2.0
Computers & Peripherals	3,276	1.7
Construction Materials	1,942	1.0
Diversified Financials	10,772	5.8
Diversified Telecommunication Services	10,377	5.6
Electronic Equipment & Instruments	2,867	1.5
Household Durables	3,146	1.7
Insurance	3,473	1.9
Metals & Mining	20,710	11.1
Multiline Retail	4,824	2.6
Oil & Gas	15,649	8.4
Pharmaceuticals	4,415	2.4
Semiconductor Equipment & Products	24,201	13.0
Wireless Telecommunication Services	15,604	8.4
Other	28,258	15.1

\$ 187,357 100.4%

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Statement of Operations

Financial Statements

 INVESTMENT INCOME

Dividends (net of \$282 foreign taxes withheld)
 Interest

 TOTAL INCOME

EXPENSES

Investment Advisory Fees
 Custodian Fees
 Administrative Fees
 Professional Fees
 Country Tax Expense
 Stockholder Reporting Expenses
 Stockholder Servicing Fees
 Directors' Fees and Expenses
 Other Expenses

 TOTAL EXPENSES

NET INVESTMENT INCOME (LOSS)

 NET REALIZED GAIN (LOSS) ON:

Investments
 Foreign Currency Transactions

 NET REALIZED GAIN (LOSS)

CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON:

Investments
 Foreign Currency Translations

 CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)

TOTAL NET REALIZED GAIN (LOSS) AND CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)

 NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS

Statement of Changes in Net Assets

 INCREASE (DECREASE) IN NET ASSETS

Operations:

Net Investment Income (Loss)
 Net Realized Gain (Loss)
 Change in Unrealized Appreciation (Depreciation)

=====

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS

=====

Distributions from and/or in excess of:

Net Investment Income

Capital Share Transactions:

Repurchase of Shares (339,816 and 494,740 shares, respectively)

=====

TOTAL INCREASE (DECREASE)

=====

Net Assets:

Beginning of Period

=====

END OF PERIOD (INCLUDING UNDISTRIBUTED (DISTRIBUTIONS IN EXCESS OF) NET INVESTMENT
 INCOME OF \$(1,027) AND \$(451), RESPECTIVELY)

=====

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Selected Per Share Data and Ratios Financial Highlights

	YEAR ENDED DECEMBER 31,		
	2002+	2001	2000
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.68	\$ 11.03	\$ 21.26
Net Investment Income (Loss)	0.03	0.03	(0.15)
Net Realized and Unrealized Gain (Loss) on Investments	(0.65)	(0.43)	(8.04)
Total from Investment Operations	(0.62)	(0.40)	(8.19)
Distributions from and/or in excess of:			
Net Investment Income	(0.01)	--	--
Net Realized Gain	--	--	(2.31)
Total Distributions	(0.01)	--	(2.31)
Anti-Dilutive Effect of Shares Repurchase Program	0.03	0.05	0.27

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NET ASSET VALUE, END OF PERIOD	\$ 10.08	\$ 10.68	\$ 11.03
PER SHARE MARKET VALUE, END OF PERIOD	\$ 8.34	\$ 8.63	\$ 8.75
TOTAL INVESTMENT RETURN:			
Market Value	(3.28)%	(1.37)%	(34.60)%
Net Asset Value (1)	(5.49)%	(3.17)%	(36.74)%
RATIOS, SUPPLEMENTAL DATA:			
NET ASSETS, END OF PERIOD (THOUSANDS)	\$ 186,568	\$ 201,117	\$ 213,205
Ratio of Expenses to Average Net Assets	1.75%	1.85%	1.64%
Ratio of Net Investment Income to Average Net Assets	0.23%	0.21%	(0.73)%
Portfolio Turnover Rate	75%	83%	81%

(1) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

+ Per share amounts for the year ended December 31, 2002 are based on average shares outstanding.

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Notes to Financial Statements

December 31, 2002

The Morgan Stanley Emerging Markets Fund, Inc. (the "Fund") was incorporated on August 27, 1991 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended. The Fund's investment objective is long-term capital appreciation through investments primarily in equity securities.

A. ACCOUNTING POLICIES: The following significant accounting policies are in conformity with accounting principles generally accepted in the United States of America. Such policies are consistently followed by the Fund in the preparation of its financial statements. Accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

1. SECURITY VALUATION: In valuing the Fund's assets, all listed securities for which market quotations are readily available are valued at the last sale price on the valuation date, or if there was no sale on such date, at the mean between the current bid and asked prices or the bid price if only bid quotations are available. Securities which are traded over-the-counter are valued at the mean of the current bid and asked prices obtained from reputable brokers. Securities may be valued by independent pricing services. The prices provided by a pricing service take into account broker dealer market price quotations for institutional size trading in similar groups of securities, security quality, maturity, coupon and other security

characteristics as well as any developments related to the specific securities. Short-term securities which mature in 60 days or less are valued at amortized cost. For all other securities and investments for which market values are not readily available, including restricted securities, and where prices determined in accordance with the aforementioned procedures are not reflective of fair market value, values are determined in good faith, under fair valuation procedures adopted by the Board of Directors, although actual calculations may be done by others.

2. **REPURCHASE AGREEMENTS:** The Fund may enter into repurchase agreements under which the Fund lends excess cash and takes possession of securities with an agreement that the counterparty will repurchase such securities. In connection with transactions in repurchase agreements, a bank as custodian for the Fund takes possession of the underlying securities (collateral), with a market value at least equal to the amount of the repurchase transaction, including principal and accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to determine the adequacy of the collateral. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.
3. **FOREIGN CURRENCY TRANSLATION:** The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars at the mean of the bid and asked prices of such currencies against U.S. dollars last quoted by a major bank as follows:
 - investments, other assets and liabilities at the prevailing rates of exchange on the valuation date;
 - investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held at period end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) due to securities transactions are included in the reported net realized and unrealized gains (losses) on investment transactions and balances.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from sales and maturities of foreign currency exchange contracts, disposition of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains (losses) from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of unrealized

Notes to Financial Statements
(cont'd)

December 31, 2002

appreciation (depreciation) on investments and foreign currency translations in the Statement of Net Assets. The change in net unrealized currency gains (losses) on foreign currency translations for the period is reflected in the Statement of Operations.

A substantial portion of the Fund's net assets consist of securities of issuers located in emerging markets or which are denominated in foreign currencies. Changes in currency exchange rates will affect the value of and investment income from such securities. Emerging market securities are often subject to greater price volatility, limited capitalization and liquidity, and higher rates of inflation than U.S. securities. In addition, emerging market issuers may be subject to substantial governmental involvement in the economy and greater social, economic and political uncertainty. Such securities may be concentrated in a limited number of countries and regions and may vary throughout the year. Accordingly, the price which the Fund may realize upon sale of securities in such markets may not be equal to its value as presented in the financial statements.

The Fund may use derivatives to achieve its investment objectives. The Fund may engage in transactions in futures contracts on foreign currencies, stock indices, as well as in options, swaps and structured notes. Consistent with the Fund's investment objectives and policies, the Fund may use derivatives for non-hedging as well as hedging purposes.

Following is a description of derivative instruments that the Fund has utilized and their associated risks:

4. FOREIGN CURRENCY EXCHANGE CONTRACTS: The Fund may enter into foreign currency exchange contracts generally to attempt to protect securities and related receivables and payables against changes in future foreign exchange rates and, in certain situations, to gain exposure to a foreign currency. A foreign currency exchange contract is an agreement between two parties to buy or sell currency at a set price on a future date. The market value of the contract will fluctuate with changes in currency exchange rates. The contract is marked-to-market daily and the change in market value is recorded by the Fund as unrealized gain or loss. The Fund records realized gains or losses when the contract is closed equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risk may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and is generally limited to the amount of unrealized gain on the contracts, if any, at the date of default. Risks may also arise from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.
5. OTHER: Security transactions are accounted for on the date the securities are purchased or sold. Realized gains and losses on the sale of investment securities are determined on the specific identified cost basis. Interest income is recognized on the accrual basis. Dividend income is recorded on the ex-dividend date, (except for certain dividends that may be recorded as soon as the Fund is informed of such dividends) net of applicable withholding taxes. Distributions to stockholders are recorded on the ex-dividend date.

B. ADVISER: Morgan Stanley Investment Management Inc. (the "Adviser") provides investment advisory services to the Fund under the terms of an Investment Advisory Agreement (the "Agreement"). Under the Agreement, the Adviser is paid a fee computed weekly and payable monthly at an annual rate of 1.25% of the Fund's

average weekly net assets.

C. ADMINISTRATOR: JPMorgan Chase Bank, through its corporate affiliate J.P. Morgan Investor Services Co. (the "Administrator"), provides administrative services to the Fund under an Administration Agreement. Under the old Administration Agreement, effective through September 30, 2002, the Administrator was paid a fee computed weekly and payable monthly at an annual rate of 0.08% of the Fund's average weekly net assets, plus \$65,000 per annum. Effective October 1, 2002, under the new Administration Agreement, the Administrator is paid a fee computed weekly and payable monthly at an annual rate of 0.02435% of the Fund's average weekly net assets, plus \$24,000 per annum. In addition, the Fund is charged for certain out-of-pocket expenses incurred by the Administrator on its behalf.

D. CUSTODIAN: JPMorgan Chase Bank serves as custodian for the Fund. Custody fees are payable monthly based on assets held in custody, investment purchase and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

E. FEDERAL INCOME TAXES: It is the Fund's intention to continue to qualify as a regulated investment company and distribute all of its taxable income. Accordingly, no provision for Federal income taxes is required in the financial statements.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Notes to Financial Statements
(cont'd)

December 31, 2002

Dividend income and distributions to stockholders are recorded on the ex-dividend date.

The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/ or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation as such income and/or gains are earned.

The tax character of distributions paid may differ from the character of distributions shown on the Statement of Changes in Net Assets due to short-term capital gains being treated as ordinary income for tax purposes. The tax character of distributions paid during 2002 and 2001 was as follows:

2002 DISTRIBUTIONS PAID FROM: (000)		2001 DISTRIBUTIONS PAID FROM: (000)	
ORDINARY INCOME	LONG-TERM CAPITAL GAIN	ORDINARY INCOME	LONG-TERM CAPITAL GAIN
\$ 137	\$ --	\$ --	\$ --

The amount and character of income and capital gain distributions to be paid by the Fund are determined in accordance with Federal income tax regulations, which may differ from accounting principles generally accepted in the United States of

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America. The book/tax differences are considered either temporary or permanent in nature.

Temporary differences are attributable to differing book and tax treatments for the timing of the recognition of gains and losses on certain investment transactions and the timing of the deductibility of certain expenses.

Permanent differences may result in reclassifications among undistributed net investment income (loss), accumulated net realized gain (loss) and paid-in capital. Adjustments for permanent book-tax differences, if any, are not reflected in ending undistributed net investment income (loss) for the purpose of calculating net investment income (loss) per share in the financial highlights.

At December 31, 2002, the components of distributable earnings on a tax basis were as follows:

UNDISTRIBUTED ORDINARY INCOME (000)	UNDISTRIBUTED LONG-TERM CAPITAL GAIN (000)
----- \$ 5	----- \$ --

At December 31, 2002, the U.S. Federal income tax cost basis of investments (excluding foreign currency) was \$205,206,000 and, accordingly, net unrealized depreciation for U.S. Federal income tax purposes was \$18,416,000 of which \$16,958,000 related to appreciated securities and \$35,374,000 related to depreciated securities.

At December 31, 2002, the Fund had a capital loss carry-forward for U.S. Federal income tax purposes of approximately \$83,769,000 available to offset future capital gains of which \$65,987,000 will expire on December 31, 2009 and \$17,782,000 will expire on December 31, 2010. To the extent that capital gains are offset, such gains will not be distributed to the stockholders.

Net capital and currency losses incurred after October 31, and within the taxable year are deemed to arise on the first business day of the Fund's next taxable year. For the year ended December 31, 2002, the Fund deferred to January 1, 2003, for U.S. Federal income tax purposes, post-October currency losses of \$31,000 and post-October capital losses of \$1,966,000.

F. OTHER: During the year ended December 31, 2002, the Fund made purchases and sales totaling approximately \$149,059,000 and \$148,421,000, respectively, of investment securities other than long-term U.S. Government securities and short-term investments. There were no purchases or sales of long-term U.S. Government securities.

Each Director of the Fund who is not an officer of the Fund or an affiliated person as defined under the Investment Company Act of 1940, as amended, may elect to participate in the Directors' Deferred Compensation Plan (the "Plan"). Under the Plan, such Directors may elect to defer payment of a percentage of their total fees earned as a Director of the Fund. These deferred portions are treated, based on an election by the Director, as if they were either invested in the Fund's shares or invested in U.S. Treasury Bills, as defined under the Plan. At December 31, 2002, the deferred fees payable, under the Plan, totaled \$56,000 and are included in Payable for Directors' Fees and Expenses on the Statement of Net Assets. The deferred portion of Directors' Fees and Expenses shown on the Statement of Operations is impacted by fluctuations in the market

value of the investments selected by each Director. For the fiscal year ended December 31, 2002, Directors' Fees and Expenses were increased by \$523 due to these fluctuations.

For the year ended December 31, 2002, the Fund incurred \$8,000 of brokerage commissions with Morgan Stanley & Co., an affiliate of the Adviser.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Notes to Financial Statements December 31, 2002
(cont'd)

On July 30, 1998, the Fund commenced a share repurchase program for purposes of enhancing stockholder value and reducing the discount at which the Fund's shares traded from their net asset value. For the year ended December 31, 2002, the Fund repurchased 339,816 of its shares at an average discount of 15.60% from net asset value per share. Since the inception of the program, the Fund has repurchased 4,324,556 of its shares at an average discount of 20.26% from net asset value per share. The Fund expects to continue to repurchase its outstanding shares at such time and in such amounts as it believes will further the accomplishment of the foregoing objectives, subject to review by the Board of Directors.

On December 13, 2002 the Officers of the Fund, pursuant to authority granted by the Board of Directors declared a distribution of \$0.0074 per share, derived from net investment income, payable on January 10, 2003, to stockholders of record on December 24, 2002.

FEDERAL TAX INFORMATION (UNAUDITED)

For the year ended December 31, 2002, the Fund expects to pass through to stockholders foreign tax credits totaling approximately \$320,000. In addition, for the year ended December 31, 2002, gross income derived from sources within a foreign country totaled \$4,334,000.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Independent Auditors' Report December 31, 2002

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF
MORGAN STANLEY EMERGING MARKETS FUND, INC.

We have audited the accompanying statement of net assets of Morgan Stanley Emerging Markets Fund, Inc. (the "Fund") as of December 31, 2002, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the two years in the period ended December 31, 1999 were audited by other auditors whose report, dated February 18, 2000, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with auditing standards generally accepted

in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2002 by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Morgan Stanley Emerging Markets Fund, Inc. at December 31, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 7, 2003

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Director and Officer Information Overview
(unaudited)

Independent Directors:

NAME, AGE AND ADDRESS OF DIRECTOR	POSITION(S) HELD WITH REGISTRANT	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR**
John D. Barrett II (67) 565 Fifth Avenue New York, NY 10017	Director	Director since 1996	Chairman and Director of Barrett Associates, Inc. (investment counseling).	71
Thomas P. Gerrity (61) 219 Grays Lane Haverford, PA 19041	Director	Director since 2001	Professor of Management, formerly Dean, Wharton School of Business, University of Pennsylvania; formerly Director, IKON Office Solutions, Inc., Fiserv, Digital Equipment Corporation, Investor Force Holdings, Inc. and Union Carbide Corporation.	71
Gerard E. Jones (65)	Director	Director	Of Counsel, Shipman &	72

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Shipman & Goodwin, LLP 43 Arch Street Greenwich, CT 06830		since 1996	Goodwin, LLP (law firm).	
Joseph J. Kearns (60) Kearns & Associates LLC PMB 754 23852 Pacific Coast Hwy. Malibu, CA 90265	Director	Director since 2001	Investment consultant; formerly CFO of The J. Paul Getty Trust.	71
Vincent R. McLean (71) 702 Shackamaxon Drive Westfield, NJ 07090	Director	Director since 2001	Formerly, Executive Vice President, Chief Financial Officer, Director and Member of the Executive Committee of Sperry Corporation (now part of Unisys Corporation).	71
C. Oscar Morong, Jr. (67) 1385 Outlook Drive West Mountainside, NJ 07092	Director	Director since 2001	Managing Director, Morong Capital Management; formerly, Senior Vice President and Investment Manager for CREF, TIAA-CREF Investment Management, Inc. (investment management); formerly, Director, The Indonesia Fund (mutual fund).	71
William G. Morton, Jr. (65) 304 Newbury Street, #560 Boston, MA 02115	Director	Director since 2000	Chairman Emeritus and former Chief Executive Officer of Boston Stock Exchange.	71
Michael Nugent (66) c/o Triumph Capital, L.P. 237 Park Avenue New York, NY 10017	Director	Director since 2001	General Partner, Triumph Capital, L.P. (private investment partnership); formerly, Vice President, Bankers Trust Company and BT Capital Corporation.	194
Fergus Reid (70) 85 Charles Colman Blvd. Pawling, NY 12564	Director	Director since 1996	Chairman and Chief Executive Officer of Lumelite Plastics Corporation.	72

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Director and Officer Information Overview
(cont'd)

Interested Directors:

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NAME, AGE AND ADDRESS OF DIRECTOR	POSITION(S) HELD WITH REGISTRANT	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR**
Barton M. Biggs (70) 1221 Avenue of the Americas New York, NY 10020	Chairman and Director	Chairman and Director since 1996	Chairman, Director and Managing Director of Morgan Stanley Investment Management Inc. and Chairman and Director of Morgan Stanley Investment Management Limited; Managing Director of Morgan Stanley & Co. Incorporated; Director and Chairman of the Board of various U.S. registered companies managed by Morgan Stanley Investment Management Inc.	72
Ronald E. Robison (63) 1221 Avenue of the Americas New York, NY 10020	President and Director	President and Director since 2001	President and Trustee; Chief Global Operations Officer and Managing Director of Morgan Stanley Investment Management, Inc.; Managing Director of Morgan Stanley & Co. Incorporated; formerly, Managing Director and Chief Operating Officer of TCW Investment Management Company; Director and President of various funds in the Fund Complex.	72

* Each Director serves an indefinite term, until his or her successor is elected.

** The Fund Complex includes all funds advised by Morgan Stanley Investment Management Inc. and any funds that have an investment advisor that is an affiliated entity of Morgan Stanley Investment Management Inc. (including, but not limited to, Morgan Stanley Investments LP, Morgan Stanley Investment Advisors Inc. and Van Kampen Asset Management Inc.).

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Director and Officer Information
(cont'd)

Overview

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Officers:

NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER -----	POSITION(S) HELD WITH REGISTRANT -----	TERM OF OFFICE AND LENGTH OF TIME SERVED* -----	PRINCIPAL OCCUPATION(S) -----
Ronald E. Robison (63) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	President and Director	President and Director since 2001	Chief Global Operations Morgan Stanley Investme President of various U. managed by Morgan Stanl previously, Managing Di of TCW Investment Manag
Stefanie V. Chang (36) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Vice President	Vice President since 1997	Executive Director of M and Morgan Stanley Inve practiced law with New (now Clifford Chance US funds in the Fund Compl
Lorraine Truten (41) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Vice President	Vice President since 2001	Executive Director of M Inc.; Head of Global Cl Investment Management I Distribution, Inc. form Institutional Fund Trus in the Fund Complex.
Mary E. Mullin (35) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Secretary	Secretary since 1999	Vice President of Morga Morgan Stanley Investme practiced law with the Will & Emery and Skadde Secretary of certain fu
James W. Garrett (34) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Treasurer	Treasurer since 2002	Executive Director of M and Morgan Stanley Inve Treasurer of various U. managed by Morgan Stanl formerly, with Price Wa PricewaterhouseCoopers
Belinda A. Brady (34) J.P. Morgan Investor Services Co. 73 Tremont Street Boston, MA 02108-3913	Assistant Treasurer	Assistant Treasurer since 2001	Fund Administration Sen Services Co. (formerly Company); formerly, Sen LLP (now Pricewaterhous of certain funds in the

* Each Officer serves an indefinite term, until his or her successor is elected.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Dividend Reinvestment and Cash Purchase Plan

Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the "Plan"), each stockholder will be deemed to have elected, unless American Stock Transfer & Trust Company (the "Plan Agent") is otherwise instructed by the stockholder in

writing, to have all distributions automatically reinvested in Fund shares. Participants in the Plan have the option of making additional voluntary cash payments to the Plan Agent, annually, in any amount from \$100 to \$3,000, for investment in Fund shares.

Dividend and capital gain distributions will be reinvested on the reinvestment date in full and fractional shares. If the market price per share equals or exceeds net asset value per share on the reinvestment date, the Fund will issue shares to participants at net asset value. If net asset value is less than 95% of the market price on the reinvestment date, shares will be issued at 95% of the market price. If net asset value exceeds the market price on the reinvestment date, participants will receive shares valued at market price. The Fund may purchase shares of its Common Stock in the open market in connection with dividend reinvestment requirements at the discretion of the Board of Directors. Should the Fund declare a dividend or capital gain distribution payable only in cash, the Plan Agent will purchase Fund shares for participants in the open market as agent for the participants.

The Plan Agent's fees for the reinvestment of dividends and distributions will be paid by the Fund. However, each participant's account will be charged a pro rata share of brokerage commissions incurred on any open market purchases effected on such participant's behalf. A participant will also pay brokerage commissions incurred on purchases made by voluntary cash payments. Although stockholders in the Plan may receive no cash distributions, participation in the Plan will not relieve participants of any income tax which may be payable on such dividends or distributions.

In the case of stockholders, such as banks, brokers or nominees, that hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the stockholder as representing the total amount registered in the stockholder's name and held for the account of beneficial owners who are participating in the Plan.

Stockholders who do not wish to have distributions automatically reinvested should notify the Plan Agent in writing. There is no penalty for non-participation or withdrawal from the Plan, and stockholders who have previously withdrawn from the Plan may rejoin at any time. Requests for additional information or any correspondence concerning the Plan should be directed to the Plan Agent at:

Morgan Stanley Emerging Markets Fund, Inc.
American Stock Transfer & Trust Company
Dividend Reinvestment and Cash Purchase Plan
59 Maiden Lane
New York, New York 10030
1-800-278-4353