THE GEOGRAPHY OF FOREIGN DIRECT INVESTMENT: A TRIPARTITE FRAMEWORK

Douglas van den Berghe
Erasmus University Rotterdam

Rob van Tulder
Erasmus University Rotterdam

ABSTRACT

Patterns in Foreign Direct Investment (FDI) over the 1990s reveal three internationalization strategies: classic internationalization, emerging internationalization and competitive internationalization. The evolving tripartite framework enables to position internationalization strategies, FDI theories and, a number of emerging issues related to FDI and globalization in their geographical context. The three internationalization strategies simultaneously shape, although not necessarily to the same extent, nor in a similar fashion, current globalization. Driven by 'regionalism' among homogeneous blocks (in particular among the European Union member states and between the EU and the United States) 'competitive internationalization' is arguably the most salient feature of globalization at the end of the 20th century.

Key Words: Globalization, foreign direct investment, internationalization strategies and multinational enterprises

INTRODUCTION

The 1990s have often been qualified as the decade of globalization. Globalization is a debated issue subject to numerous interpretations, and studied at different levels across various academic disciplines (Cantwell 2000). Globalization is also the primary focus area in the field of international business and economics. The spatial organization of economic activity, or the geography of production generates two major dimensions for international business analysis: the firm and location (Enright 2002). Additionally, the scope and location of FDI determines the geographical context in which theories and models of international business and economics are set (Dunning 2000, Moon and Roehl 2001).

JOURNAL OF INTERNATIONAL BUSINESS AND ECONOMY First Received: November 20 2001
FALL 2002 Final Revision Accepted: November 5 2002

Although, there is general agreement that the main carriers of globalization are multinational enterprises (MNEs) responsible for the tremendous growth in Foreign Direct Investment (FDI) since the 1990s (UNCTAD 2002), the geography of foreign direct investment and the exact nature of MNE strategic involvement remains subject to major discussions in the field of international business and economics. In general four rival insights can be distinguished. Firstly, some argue that globalization is simply the return to previous levels of 'global' MNE activity at the beginning of the 20th century' (Krugman 1998, Hirst and Thompson 1996). Others have gone so far as to deem nation states as superfluous (Reich 1991) in a 'borderless world' with 'footloose' operating MNEs (Ohmae 1990, Yip 1992). To these 'globalists' (Held, McGrew, Goldblatt, and Perraton 1999), the liberalization of the world trade and investment represents an irreversible trend. A third group points to the evidence of more defensive and 'sub-optimal' strategies of bloc-formation through triadization or regionalization (Ruigrok and van Tulder 1995, Rugman 2000). Finally, a fourth group emphasizes the local dimension and analyzes globalization as a phenomenon that trickles-down to a *sub-national level*, suggesting that the global economy consists of a 'mosaic of sub-national regions' largely formed through MNE activity (Scott 1998, Storper, 1997). Consequently, various rival conceptualizations of the geographical scope of MNE activity persist that cloud a satisfactory description of current globalization.

Hence the need arises for a more thorough structuring and quantification of current trends in the geography of globalization of FDI. Based on trends in macro-FDI data this article introduces a configuration of globalization based on three different internationalization strategy typologies: *Classical Internationalization, Emerging internationalization and Competitive internationalization*. The tripartite framework facilitates understanding current (and historical) internationalization strategies and is instrumental in identifying some emerging FDI related issues and positioning FDI theories in their geographical context.

The article is structured as follows. The first section describes FDI trends over the 1990s. The second section deals specifically with the three internationalization strategies re-interprets the macro-FDI data with firm level cases evidencing the structure and form of each internationalization typology. The final section positions international business theories within the tripartite framework and discusses some emerging issues derived from current FDI patterns, geography and globalization.

THE GEOGRAPHICAL SCOPE OF FOREIGN DIRECT INVESTMENT

Since the mid-1980s the stock of worldwide Foreign Direct Investment, both outward and inward, has grown at a considerable pace. Between 1982 and 1994, world FDI stock increased fourfold and doubled as a percentage of world GDP to 9 percent and increased its share in world output from 5 to 6 per cent (UNCTAD 1997, xv). Through the midst of the 1990s FDI growth levels accelerated. FDI inflows increased by 27 percent over 2000 to a new record level of $1.3 trillion in 2000 (UNCTAD 2001, 3-4).

The recent growth in FDI is for a large part attributable to the surge in cross-border Mergers and acquisitions (M&As) (UNCTAD, 2000). A very small percentage (around 3 percent) of M&As are actually mergers. Many transactions announced as “mergers’ are in fact acquisitions by stronger partners. Since the mid-1990s some three quarters of global FDI flows have taken the form of acquisitions (or brownfield investments – cf. Meyer and Estrin 2001), with the remaining 25 percent being accounted for by new (greenfield) investments. Of all FDI flows from and to the United States 90 percent are in the form of M&As (Schenk 1999).

Because FDI largely takes place in the form of cross-border mergers and acquisitions, most FDI increasingly reflects a change of ownership, initiated through corporate restructuring, rather than capital accumulation. While non-OECD countries have increased their share of cross-border M&As, the process is still dominated by OECD countries and firms. Increasingly, the preferred strategy of US and European MNEs for entry into foreign markets is via acquisitions of host country firms, rather than via greenfield investments. (OECD 2000, 5). M&As are a fast way for firms to build up a locational portfolio and get access to foreign markets for natural resources, but especially for human capital and ‘created assets’. The top five countries for both inward and outward cross-border M&As are: the United States, United Kingdom, Germany, France and Canada (OECD 2000, 11-13). The recent downturn in global FDI flows by more than half over 2001 can be attributed to the collapsing wave of cross-border M&As, in particular between firms from developed countries (UNCTAD 2002).
Based on the *source* and *destination* of FDI, Dunning (2000) distinguishes four *directions* of FDI that can be helpful in specifying trends in the geography of FDI:

1. FDI by developed-country firms in developing countries;
2. FDI by developed-country firms in other developed countries;
3. FDI by developing-country firms in developed countries;
4. FDI by developing-country firms in other developing countries.

In terms of different levels of development between the source and destination of FDI, direction (1) and (3) can be qualified as *vertical FDI (both downward and upward)*, while direction (2) and (4) can be qualified as *horizontal FDI.*[1].

[1] FDI flows are highly volatile from year to year, therefore we have used stock data. The figures used to calculate the percentages of global outward and inward stocks of FDI are taken from consecutive World Investment Reports (1997-2001).

FDI by Developed Country MNEs

Although, the growth of FDI flows and the globalization of international production intensified over the 1990s, this does not imply that all countries are involved on an equal basis. In 2000 developed countries made up for 67 percent of global inward FDI stock and 88 percent of outward FDI stock, as compared to 74 percent and 95 percent, respectively, in 1990. A large share of developed country FDI originates and ends up in the European Union and the United States. Benefiting from the creation of the Single European Market (SEM), Europe increased its share of global inward FDI stock from 30% in 1980 to 38% in 2000. The European Union's share in global outward stock increased rapidly from 41 percent in 1990 to more than 52 percent in 2000, hence the EU now accounts for more than half the world's outward stock of FDI. Over the whole 1990-2000 period the US share in inward stock circled around 20 percent (in 1980 this share was 42 percent), its outward stock declined from 25 percent in 1990 to 21 percent in 2000 (with a share of 42 percent in 1980). In contrast thus to the 1970s and 1980, when global FDI was dominated by US firms, European MNEs have started to become core players in the global economy.

In the same period Japan's role and contribution to global FDI stocks and flows has rebounded to its original modest position (especially when compared to the size of its economy). Although, Japanese firms are still large outward investor in absolute terms, Japan's share in the global FDI stock has declined markedly during the 1990s. While its share outward stock grew from 4 percent in 1980 to 11 percent in 1990, a period of economic boom for Japan, after which it declined substantially to 5 percent in 2000. Inward stock has been stable over the last 20 years at around 0.6 percent, and only in 1995 did it just exceed the 1 percent level. Apart from the prolonged slump in Japan's economy its declining share of outward FDI can also be attributed to the fact that Japanese MNEs generally favor greenfield investment strategies – which have clearly not prevailed over the 1990-2000 period (Ford and Strange 1999). Its low share in inward FDI global stock can largely be explained by its relatively closed economy. EU and US firms therefore remain responsible for a large share of inward and outward FDI and the geographical scope of FDI. Considering the prime destination of the world's largest foreign investors - the United States, the United Kingdom, France, Germany and the Netherlands (an example of a small EU member state, but large recipient and source to FDI relative to the size of its economy) – over the 1990-1998 period the following picture emerges[2].

[2] The 1990-1998 period is the most recent for combining source and destination of FDI data. It is an important period, since it covers the years leading up to the completion of the EU's single market as well as the years immediately following it.

Table 1: Intra and inter regional outward FDI stocks by five leading foreign investing nations, 1990-1998

<Shares of global FDI stock, in percent>

	1990	1991	1992	1993	1994	1995	1996	1997	1998
United Kingdom									
Intra-regional	28.8	30.0	30.1	34.5	37.9	38.9	45.0	45.5	40.4
o/w intra-EU	26.6	27.7	27.7	32.5	35.1	37.0	43.1	42.2	33.3
o/w rest of Europe	2.3	2.3	2.4	2.0	2.8	1.8	1.9	3.3	7.1
Extra-regional	71.2	70.0	69.9	65.5	62.1	61.1	55.0	54.5	59.6
o/w NAFTA	43.9	41.9	42.3	39.2	34.1	34.5	28.1	30.6	43.2
o/w Latin America-Caribbean	8.6	8.8	8.8	7.0	8.4	7.5	6.6	6.2	4.2
o/w Asian Countries	5.4	5.8	6.5	6.8	7.0	7.4	8.5	7.7	4.7
o/w Rest of the World	13.3	13.5	12.4	12.5	12.6	11.7	11.7	10.0	7.4
France									
Intra-regional	66.5	70.0	64.8	62.3	63.5	62.1	54.5	53.8	56.4
o/w intra-EU	59.3	63.7	59.3	56.3	56.5	54.8	49.1	49.6	52.0
o/w rest of Europe	7.3	6.3	5.5	6.0	7.0	7.4	5.4	4.1	4.4
Extra-regional	33.5	30.0	35.2	37.7	36.5	37.9	45.5	46.2	43.6
o/w NAFTA	24.1	21.9	19.4	21.3	21.1	21.0	20.8	25.9	23.7
o/w Latin America-Caribbean	2.3	2.5	2.9	2.5	2.6	3.8	8.6	4.4	…
o/w Asian Countries	2.3	1.5	1.7	2.0	2.0	1.7	2.2	2.1	…
o/w Rest of the World	4.8	4.1	11.2	12.0	10.8	11.4	13.9	13.9	19.8
Germany									
Intra-regional	60.7	63.0	63.3	61.6	63.5	65.6	63.1	61.2	59.9
o/w intra-EU	53.2	55.9	56.2	54.0	55.6	56.8	54.3	51.7	49.8
o/w rest of Europe	7.4	7.1	7.1	7.6	8.0	8.8	8.8	9.5	10.1
Extra-regional	39.3	37.0	36.7	38.4	36.5	34.4	36.9	38.8	40.1
o/w NAFTA	28.6	26.0	25.4	26.4	23.6	21.9	23.8	26.0	28.1
o/w Latin America-Caribbean	3.9	4.2	4.4	4.7	5.6	5.3	5.2	5.4	4.7
o/w Asian Countries	1.9	1.9	2.1	2.3	2.5	2.8	3.3	3.4	3.3
o/w Rest of the World	5.0	4.8	4.8	5.0	4.8	4.5	4.6	4.0	3.9
The Netherlands									
Intra-regional	54.4	55.0	53.0	52.1	56.9	57.7	57.0	55.4	59.9
o/w intra-EU	45.7	46.3	43.2	44.7	48.5	48.7	47.4	45.8	49.4
o/w rest of Europe	8.7	8.7	9.8	7.4	8.4	9.0	9.7	9.5	10.5
Extra-regional	45.6	45.0	47.0	47.9	43.1	42.3	43.0	44.6	40.1
o/w NAFTA	29.3	28.0	29.9	33.2	28.1	26.6	27.1	28.7	25.8
o/w Latin America-Caribbean	6.6	6.9	6.8	7.1	6.9	6.8	6.9	7.1	6.4
o/w Asian Countries	3.0	3.4	3.7	3.9	4.7	4.9	5.5	4.9	3.8
o/w Rest of the World	6.8	6.7	6.7	3.6	3.4	4.0	3.6	3.9	4.0
United States									
Intra-regional (NAFTA)	18.5	17.8	16.4	15.1	14.9	14.4	13.7	13.8	12.8
o/w Canada	16.1	15.1	13.7	12.4	12.1	11.9	11.3	11.1	10.0
o/w Mexico	2.4	2.7	2.7	2.7	2.8	2.4	2.4	2.8	2.8

Extra-regional	81.5	82.2	83.6	84.9	85.1	85.6	86.3	86.2	87.2
o/w EU	42.7	43.5	42.6	43.3	42.1	43.1	43.3	43.4	46.4
o/w rest of Europe	6.9	6.5	6.5	6.5	6.4	6.2	5.7	5.4	5.7

Note: Intra-regional is intra-EU plus rest of Europe for the UK, France, Germany and the Netherlands; and NAFTA for the US. "Rest of Europe" is EFTA plus other countries (including Eastern Europe).
Extra-regional is outside EU and rest of Europe (EFTA, Eastern Europe and other Europe) for the UK, France, Germany and the Netherlands; and EU and rest of Europe for the US.
Source: OECD, Foreign Direct Investment Yearbook, 1999 and 2000.

Table one classifies outward FDI from the developed countries listed into *intra-regional FDI and extra-regional FDI*. The first category is most prevalent among MNEs originating in the EU member states and to a lesser extent between US MNEs and other NAFTA member states (US, Canada and Mexico). Extra-regional FDI is for a large part between the two integrating blocs on both sides of the Atlantic; NAFTA and the European Union, as argued above. Based on table one a number of observations for the geographical scope of outward FDI can be made for each individual country over the 1990-1998.

- There has been a marked shift in the destination of UK outward FDI. In 1990, 71 percent of the UK's outward FDI stock was outside Western Europe, compared to 29 percent inside. In 1997, the gap that existed between extra-regional and intra-regional FDI had almost disappeared, with 54 percent outside Europe and 46 percent inside Europe. This shift in fact implies that the value of FDI flows towards the continent have out weighted extra-regional investment flows throughout the 1990s. In 1998, the share of intra-regional outward FDI fell slightly back to 40 percent. This reflected an exceptionally big transatlantic cross-border takeover (the acquisition of the US oil company, Amoco, by British petroleum).
- France started from a different position to the UK. In the early 1990s two-thirds of France's outward FDI stock was intra-regional. The high point was reached in 1991, when 70 percent of French outward FDI stock was in Europe and 64 percent in the EU. After 1991, the share of extra-regional FDI grew substantially, from 30 percent in 1991 to 44 percent in 1998. For French MNEs, therefore, the period following the completion of the EU's single market was marked by an increase in direct investments outside the region, in particular towards the United States. The establishment of the single market provided a platform for the extra-regional expansion of French MNEs, precisely the opposite path taken by British MNEs.
- The case of Germany is different again. Between 1990 and 1992, Germany's intra- and extra-regional shares of outward FDI stock followed a similar pattern to France's, with the share of intra-EU FDI rising from 53 percent in 1990 to 56% in 1992 (still 44 percent in 1987). As with French companies, FDI by German firms seems to have been partly driven by anticipation of the completion of the

Single Market. After 1991, however, the destination of German outward FDI followed a different path to French FDI, with the share accounted for by extra-regional outward FDI dropping from 39% in 1990 to 34% in 1995, before rising back up to 40% in 1998. Between 1990 and 1998, therefore, the shares accounted for by extra and intra-regional outward FDI hardly changed. The only discernible trend was a slight change in the distribution of intra-regional outward FDI, with German FDI in Eastern European countries rising slightly at the expense of German FDI in EU countries.

- Dutch MNEs exhibit only limited volatility, with little evidence of a radical shift in the destination of outward FDI before or after the completion of the Single European Market. Whereas German intra-EU investment lowered after 1995, the Dutch sustained a relative growth in intra-regional outward FDI. Similar to Germany, the shares accounted for by intra and extra-regional Dutch outward FDI stayed reasonably stable after 1991, with the share accounted for by intra-regional outward FDI increasing slightly to reach - 60% in 1998.
- Finally, firms from the US, the world's single largest exporter of direct investment capital, do not appear to have been much influenced by the completion of the single market. Although the US's stock of intra-regional outward FDI has fallen in favor of FDI outside the region, the share of outward US FDI to the EU remained remarkably constant for most of the 1990-1997 period (before edging up to 46% in 1998). The fact that US firms already had a significant presence in the EU well before the completion of the single market may explain why the share of US outward FDI in the EU did not increase significantly in the wake of its completion. The formation of the North American Free Trade Area (NAFTA) was accompanied by a declining importance of intra-regional FDI flows in North America, whereas US firms apparently substituted Canadian for Mexican investment. At the same time US MNEs increased their share of outward FDI in Latin America.

For all countries surveyed extra-regional outward stock to developing countries grew only marginally with South East Asia, China and Latin America taking the bulk of inward FDI. Outward FDI from most EU countries is still intra-regional, accounting for a rapidly growing share of outward FDI in the late 1980s and early 1990s. In 1990 between 27-60 percent of outward FDI was located in the EU. Since then, divergent national trends have, owing to different starting positions of firms from each country, resulted in a relative convergence of their geographic investment profiles. In 1998 between 45-52 percent was intra-regional. The share accounted for by extra-regional outward FDI can be regarded as a reasonable proxy for European and US MNEs' degree of globalization. MNEs from the United States are therefore considered to be the most globalized, while it is more accurate to speak of the growth of European outward FDI in the 1990s primarily as a process of regionalization rather than of globalization.

Table one also shows that the main destination of EU FDI outside the region is to the three members of NAFTA, and to the US in particular. Similarly, the EU is also the largest destination of US FDI outside its home region. In addition to intra-regional FDI, since the mid 1990s extra-regional global FDI stocks are characterized "…by an intensification of TNC-led link between the United States and the European Union, *each of them being the largest source of FDI for the other*, …" (UNCTAD 1999, xxi). The Transatlantic investment link is by far the largest inter-regional investment relationship in the world in which leading inward investing nations into the United States are also the largest recipients of FDI from the United States: e.g. the United Kingdom, France, Germany and the Netherlands (Buckley and Clegg 1998). It would be equally appropriate to reclassify the 1990s period as one of *bi- (or dyadic) regionalism* in which the North American and the European economies are increasingly linked through FDI ties (Van Tulder, Van Den Berghe and Muller 2001).

FDI by Developing Country MNEs

The share of developing countries in the global inward FDI stock has shown a remarkable decline. While it was still around 39 percent in the early to mid 1980s, it has declined substantially in the early 1990s to mid 1990s to 26 percent, after which it increased to 34 percent. In 2000, however, developing countries' share in inward FDI fell back again to 31 percent.

At the same time, however, the 1990s marked the growth of outward FDI from developing countries. The share of developing countries in global outward stock rose from 5 percent in 1990 to almost 12 percent in 2000. Nevertheless, the balance between developing countries' share in inward and outward FDI stock remains largely unequal, especially compared with that of developed countries. They therefore remain overwhelmingly larger recipients of FDI rather than sources of it.

At a micro level the rise of outward FDI by developing countries is evidenced by the list of Top 50 TNCs from developing countries and Top 25 TNCs from transition economies that is annually published in UNCTAD's World Investment Report. Although, many of these Top 50 TNCs are still in an early phase of internationalization, some have already grown to become 'well established' MNEs and feature among the list of the world's largest Top 100 TNCs and among the Fortune Global 500.

Macro-economic data on the destination of developing country's outward FDI stock are difficult to accumulate. Table two shows an assessment of the division of outward FDI stock from the largest two developing countries' regions (South East Asia or ASEAN and Latin America). The amount of outward FDI originating in Africa and the Middle East is negligible.

Table 2: Geographical scope of outward FDI stocks for South, East, South-East Asia and Latin America

(Shares of global FDI stock, in percent)

South-East Asia (a)	1987	1997	Latin America (b)	1986	1992
To other developing countries	79.0	91.0	To other developing countries	31.9	49.7
o/w intra-regional	77.1	88.9	*o/w intra-regional*	30.3	48.8
o/w extra-regional	1.9	2.1	*o/w extra-regional*	1.6	0.9
To developed countries	21.0	9.0	To developed countries	68.1	50.3
Total	100	100	Total	100	100

Notes: (a) Includes: China, Hong Kong, (China), India, Malaysia, Pakistan, Philippines, Republic of Korea, Singapore, Taiwan Province of China and Thailand.

(b) Includes: Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

Based on UNCTAD 1999 (p. 24-26).

For both South East Asia and Latin America the largest share of outward FDI stock is to other developing countries. A large, and rapidly increasing, share of this 'South-South FDI' is also intra-regional, to neighboring developing countries.

Outward FDI from the two regions to developed countries substantially declined over the 1987-1997 period. It became even more marginal for South East Asian countries while the outward FDI stock in developed countries for Latin American firms represents around 50 % of total outward FDI.

According to UNCTAD (1997) FDI among developing countries is growing faster than either between developed countries or among developed and developing countries. A major factor is the large growth in MNE activity between mainland China, Taiwan, Singapore and Hong Kong. The share of inbound FDI stock of South East Asia originating in that same region rose from 25 percent of total inward FDI stock in 1980, to nearly 40 percent in 1995 (UNCTAD 1997, 82).

A TRIPARTITE FRAMEWORK OF FDI

FDI from developed countries has been largely intra-regional, with extra-regional FDI largely taking place between the EU and the United States (transatlantic FDI), revealing *a bi/dyadic regionalist dynamism*. Similarly, developing country FDI is also largely intra-regional, but only limitedly extra-regional. FDI from developing countries to developed countries (Upward FDI) is emerging but still in a very nascent stage. In contrast, 'downward' FDI from developed countries towards developing countries remains much larger.

Constituting these macro-economic stocks of FDI are MNE strategies that cannot be demonstrated by cross-temporal comparisons of quantitative FDI data alone. In most major countries a relatively small set of companies are responsible for the bulk of outward FDI stock (Van Tulder, Van Den Berghe and, Muller 2001). In

1997, for instance, fifty American firms accounted for more than sixty percent of the US outward FDI stock in 1997 (UNCTAD 1999). A more thorough qualitative analysis is needed to fully conceptualize the current stage of trends in internationalization. Each direction of FDI is associated with a particular form of internationalization strategy. The following three internationalization typologies can be distinguished:

(a) **Classical internationalization strategies** (or traditional internationalization) from developed countries to developing countries (both transition and emerging economies). Qualified as *downward FDI*;
(b) **Emerging internationalization strategies** by MNEs originating in developing, transition or emerging market economies to developed countries. Also qualified as *upward FDI*;
(c) **Competitive internationalization strategies** taking place between countries with similar levels of development and similar location conditions. Qualified as *horizontal* FDI which can take place among developed, among developing countries, as well as *within* a political economic region (*intra-regional)* and *between* different political economic defined regions, as is the case in the transatlantic link between the EU and United States (*inter-regional*).

Figure one positions the internationalization typologies in the earlier relationship between developed and/or developing countries.

Figure 1: Directions of Outward FDI and Associated MNE Internationalization Strategy

FROM→ TO	**Developed countries**	**Developing countries**
Developing Countries	Classical internationalization strategies consisting of vertical downward FDI	Competitive internationalization; horizontal FDI
Developed countries	Competitive internationalization among developed countries consisting of horizontal FDI	Emerging internationalization; vertical upward FDI

Classical and competitive internationalization strategies (both downward and horizontal) are adopted by MNEs from developed countries, while emerging and competitive internationalization strategies (both upward and horizontal in direction) are adopted by MNEs from developing (mainly emerging market) economies. In the next section the internationalization strategies forming the tripartite framework will be covered in greater detail. The emphasis will be on competitive internationalization as the most salient form of internationalization.

Classical Internationalization

As demonstrated in the first section, the share of outward FDI to developing countries is small and largely directed to emerging markets in South East Asia and Latin America. Classical internationalization strategies date back to the 19th century, when Western MNEs undertook their first FDI ventures in developing countries (especially in their colonies), roughly between 1850-1950. Classical internationalization strategies were dominated by natural resource-seeking FDI. Jones (1996, 62) mentions a number of illustrative cases:

- Gold mining by *St John d'el Rey* of the United Kingdom in Brazil in 1830;
- Germany's *Metallgesellschaft* in 1873, which set up smelting, refining and distribution of metals activities in the United States, Mexico and Europe
- *Royal Dutch Shell* who undertook its first FDI in 1890 in oilfields and refineries and distribution in the United States, Venezuela, Dutch East Indies, Russia and Europe;
- *United Fruit Company* which set up plantations in utilities in Central America and distributive and shipping activities in the United Kingdom and Europe;

In addition, Jones (1996, 148) also mentions a number of examples of services related FDI prior to 1914:

- The US insurance company *New York Life's* first ventures in 1858, setting up branches in Europe, Asia, Australia and Latin America;
- The Japanese trading company, *Mitsui Bussan*, establishing more than 30 branches in Asia, Europe, Australia and the United States after 1877.

Both mining and petroleum refining FDI rapidly grew over the 1870-1950s period, with brief interruptions during the two World Wars. Classical internationalization is therefore largely associated with the rise of an "old international division of labor", between industrializing developed countries and resource abundant developing countries. For supply-based firms operating in the petroleum refining and mining industries international expansion is often inevitable as the resources are not available in the domestic market. Similarly, the non-tradability of services makes internationalization for service MNEs inevitable for firm growth.

Classical internationalization prevailed especially in the 1960s--1980s period. In this particular period most macro-economic FDI theories were developed, which are therefore very much associated with asset exploiting strategies (both natural resources and low wage labor) and largely presuppose greenfield investments accompanied with a multi-domestic organizational structure of the MNE (Hamill 1993). Classical internationalization processes also triggered attention from proponents of the New International Division of Labor (NIDL), who seek to explain the shift of manufacturing from advanced capitalist countries to developing countries and the spatial reorganization of production. Their main argument was that MNEs established a global manufacturing system based on labor-intensive export platforms in low wage areas. The role of developing countries thus changed from being mere raw material producers to the providers of low skilled jobs while the bulk of R&D activities are retained in the developed countries. Over the 1990s classical internationalization became increasingly driven by the privatization and liberalization of formerly state owned enterprises public utility sectors, like telecom, energy, water and railways. The dominant mode of classical internationalization in the 1990s therefore also changed from greenfield to brownfield investments through sizable acquisitions especially in Latin America. In developed countries the equally pervasive process of privatization triggered a much lower degree of international acquisitions by foreign host companies.

Emerging Internationalization

The increased share of developing outward stock illustrates that many emerging markets (in especially South East Asia) have started to progress *from (only) host to (also) home countries of FDI* and MNEs. Similarly, an increasing number of Latin American MNEs have been responsible for large outflows of FDI (Chudnovsky and López 2000). While FDI from developing countries as such is by no means a new phenomenon (Wells 1983, Lall 1983, Yeung 2000), it is the increased presence of latecomer and newcomer MNEs from emerging markets in developed markets over the 1990s, which has called the attention of international business scholars (Mathews 2002). The literature on motives for emerging FDI is still limited, but challenges the explanatory power of 'traditional' FDI theories (Hymer, 1976, Buckley and Casson 1976, Rugman 1980, Dunning 1988) that depart from the assumption that ownership advantages (the O in Dunng's OLI framework) are a prerequisite for international expansion in the emergence of FDI from developing countries to in particular the United States and Europe. Some argue that it is exactly ownership advantages that drive MNEs from developing countries searching for competitive advantages in the form of assets, management know-how and expertise, and human capital in distant developed markets (Moon and Roehl 2001). Accordingly, emerging internationalization is closely associated with "asset seeking" rather than the more "asset exploiting" or research-seeking motivations of classical internationalization strategies. On the other hand, Lall (1983) and Mathews (2002) point to the specific competencies (ownership advantages) MNEs from developing countries have, increasing their competitiveness vis-à-vis established MNE from developed countries.

Competitive Internationalization

The prevalent form of recent outward FDI from developed as well as developing economies is directed to neighboring regional developing markets and has an intra-regional character. Competitive internationalization strategies are closely intertwined with the rise of 'regionalism'. The second wave of regionalism (Dent 1996) is evidenced by Regional Integration Agreements (RIAs), in particular the European Union and NAFTA (North American Free Trade Area), but also Mercosur (Mercado Común del Sur) in Latin America or ASEAN (Association of Southeast Asian Nations) in South-East Asia. The EU is one of the clearest examples of a mature RIA aimed at increasing inward FDI and the competitiveness of the region. The formal completion of the Single European Market (SEM) in 1992 initiated a boom in both intra-regional as well as extra-regional inflows. US MNEs had already expanded to the EU in an earlier period, hereby anticipating the single market program of 1992 ('an announcement effect'). The effect of the launch of the European Monetary Union (EMU) and the associated single currency may be felt well after 2002, when the *Euro* took effect (UNCTAD 1999). As European integration proceeds, market-seeking investments and truncated miniature replica subsidiaries will give way to more rationalized efficiency related investments and more complex organizational structures of the MNE (Campbell 1994, Pearce and Tavares 1998). Consequently, the early phases of European integration were much more associated with market seeking or tariff jumping FDI than the later phase (Glegg and Greene 1998). Faced with the new institutional environment, many MNEs have gradually restructured their European operations aiming at reducing the number of plants producing for multiple markets and consolidating production to benefit from economies of scale . This strategy has been a major driver of intra-regional FDI (Chesnais and Sailleau 2000).

European integration has not only encouraged EU-based firms to establish (or expand) a presence in other EU countries, evidence is building that it has also provided a stepping-stone for European MNEs to expand outside the EU. European MNEs are expanding the scope of their activities beyond the confines of the EU, especially after the completion of the Single European Market in 1992, towards the United States (Van Tulder, Van Den Berghe and Muller 2001). As a rule of thumb the prevailing internationalization pattern of European internationalization strategies is thus: on average, some 50% of FDI is located in other EU countries, while 25 percent is aimed at gaining a foothold in North America (largely the United States) (see Table 1). Conversely, the position of US firms in many European countries is still prominent. A recent Eurostat (2001) study in seven EU member states (Denmark, Spain, Ireland, the Netherlands, Finland, Sweden and the United Kingdom) showed that US firms were the largest foreign owners in terms of both value added and employment, ranking either first or second in every Member State studied (Eurostat 2001).

As opposed to intra-regional FDI, which is primarily associated with the locational separation of production from consumption, inter-regional FDI by European and US MNEs is largely triggered by market-seeking motives (Cantwell 1994).

The 'Transatlantic European Union-United States' connection follows an inwardly focused period of both the United States and the EU in the early to mid 1990s.

Historically, this' *transatlanticism'* goes back to the early connection between the United States and the United Kingdom. Cultural and linguistic similarities shape the transatlantic connection between the United Kingdom and United States. Instead of using the UK as a 'springboard' to explore continental Europe, however, many US MNEs increasingly prefer to internationalize directly to continental Europe. The absence of the UK in the monetary union combined with an unfavorable pound-euro ratio diverts considerable 'export-led FDI' away from the UK towards the Eurozone.

Cross-border M&As are the leading vehicle of competitive internationalization strategies, especially among developed countries' MNEs. The change in internationalization strategy is remarkable. In earlier periods, the number of successful pan-European and Transatlantic mergers was extremely limited. Many mergers and acquisitions were disrupted after a relatively short period (renowned examples include Renault-American Motors, Hoogovens-Hoechst, Fokker-VFW). But since the mid-1990s gigantic transatlantic and pan-European cross-border M&A have been headline news (e.g. Daimler Benz -Chrysler, BP-Amoco, Akzo-Nobel Rhône-Poulenc-Hoechst, Hoogovens-British Steel). What is more important: these mergers seem to sustain.

M&As have become the prime mode of entry in the NAFTA and EU market. UNCTAD (2000) distinguishes three forms of cross-border M&As: vertical M&As (between companies in client-supplier or buyer-seller relationships), horizontal M&As (between competing firms in the same industry) and conglomerate M&As (between companies in unrelated activities). Most of the cross-border M&As between developed countries in the 1990s can be classified as *horizontal* (UNCTAD 2000), leading to an increase in concentration levels in already typical oligopolistic industries like automobiles, petroleum, oil refining and pharmaceuticals (OECD 2000). The search for core competencies, effective outsourcing strategies, combined with geographical diversification by many MNEs over the 1990s, has initiated divestments among redundant divisions or complete subsidiaries (often built up in the 1980s), thereby fuelling the M&A boom. Others emphasize the importance of firm size (in terms of both stocks and assets) as a defense mechanism to hostile takeovers (in this context "buy or be bought" is an often heard phrase). Size should place the firm in a position of "strategic comfort" (Schenk 1999). Therefore, competitive internationalization strategies are not just motivated by locational variables, but by the strategic responses of MNEs to the anticipated behavior of competitors. As risk-minimizers, oligopolists wish to avoid a situation of competitive destruction but prefer a situation of competitive interaction and follow each others internationalization strategies (Knickerbocker 1973, Flowers 1976). "In an oligopolistic structure the interdependence of firms means that their behavior leads to a pattern of action and reaction, move and countermove, as in a game of chess" (Ietto-Gillies 1992, 129). Competitive internationalization also involves herd-behavior. Similarly, Graham (1978) argues that the best response to the new entry into a national market by a firm already established in some other market is a 'counter-entry' into that firm's established market by its rival. An MNE which find its home territory invaded by a foreign MNE would thus retaliate by penetrating the invader's home turf. This propensity to counter-act, 'exchange threats' and cross-penetrate each others' (home) markets accounts for a very large share of FDI by firms from most of the industrialized countries (Graham 1990). A frequently cited historical example of this hypothesis is Royal Dutch Shell's move into the US market in the 1900s as a response to Standard's oil expansion in the Far East, which Shell previously dominated. The acquisition of Chrysler by Daimler Benz in 1998 is as much a strategic signal towards General Motors and Ford that the German firm wants to protect its own European home turf as an indication of its intrinsic motivation to enter the US market.

Discussion: Theoretical Considerations

Table 3 lists the characteristics of the three main lanes of FDI and related forms of internationalization as analyzed in the previous sections.

Table 3. Main characteristics of three internationalization strategies

	Classical	**Competitive**	**Emerging**
Direction	From developed to developing countries	Amongst developed and developing countries. In particular between and within regions and countries sharing similar location conditions (inter- and intra-regional)	From developing (emerging markets or transition economies) towards developed countries.
Examples (reflected in macro data)	Industrialized US and European MNEs.	Among EU member states. And between EU and US (or TRIAD). Between MERCOSUR and ASEAN.	From developing countries towards industrialized countries.
Examples (at micro level)	Traditional MNEs Shell, United Fruit, Metallgesellschaft Ford, GM	Daimler Chrysler,BP Amoco, Akzo-Nobel, Hoogovens-British Steel, Vivendi	Daewoo, PDVSA, Acer
Dominant period	Postwar period until mid 1980s	1990s- present	Mid-1990s
Magnitude	Declining	Rising	Rising, but fragile(slight drawback following Asia crisis)

Key drivers	OECD MNEs. First MNEs (colonial heritage)	Both OECD (services) and emerging market MNEs 'Established conventional MNEs'	Emerging market and transition economies MNEs. 'Beginners and newcomers' MNEs in a nascent stage of internationalization
Main Form	Greenfield	M&As (brownfield)	Greenfield
Main Motive	Efficiency and asset exploiting (low wages) and market, but increasingly privatization-led	Market and strategic asset (human capital) seeking	Strategic asset (and market seeking). Educated and well-trained labor force.
Organizational structure of MNE	Multi domestic, multinational	Complex integration strategies and networks, transnational	Simple and multi domestic/stand alone, export-oriented

The tripartite framework developed in this paper is instrumental in analyzing global FDI patterns in several ways. First of all, it facilitates structuring and quantifying the geography of foreign direct investment, which leads to a better understanding of current trends in globalization of MNE activity. Second the tripartite framework identifies specific internationalization strategies positioned in their geographical context. Thirdly, it provides the possibility to look at internationalization in a more evolutionary historical perspective. Finally, the framework facilitates to set theories of FDI in their geographical context.

The prevalent question raised in the introduction of this paper on the geographical scope of FDI should be rephrased in terms of what are the trends and dynamics shaping globalization of MNE activity to its current status. This contribution showed that current globalization consists of several simultaneous directions in FDI associated with specific internationalization strategies. At a firm level several strategies can even co-exist. In the retail industry, for instance, Royal Ahold's aggressive acquisitions in the US domestic market and simultaneous expansion in South America combine competitive internationalization (through inter-regionalism) and classical internationalization strategies. The firm is thereby faced with coordinating two very different internationalization challenges.

Competitive internationalization strategies are arguably the primary form shaping current globalization processes particularly among developed countries. The *maturing* of intra-regional investment within the EU and NAFTA and the competitive advantage of developed countries' MNEs driving this process, has also functioned as a 'stepping stone' towards further extra-regional internationalization. Around three quarters of the investment activities are concentrated in two regions (Europe and North America) and the primary focus for EU and US MNEs is largely *bi-regional* it is more appropriate to speak of "dyadization" than of globalization (Van Tulder, Van Den Berghe, and Muller, 2001).

While MNEs from developed countries have dominated the scene for the whole post-war period and further expanded their foreign operations through classical and competitive internationalization strategies, the 1990s also heralded the rise of MNEs from developing countries. The extent to which MNEs from developing (especially emerging) economies have been able to internationalize *upwards* towards developed countries remains, however, limited. In the early stages of their internationalization trajectory MNEs from developing countries focused almost entirely on their home regions (intra-regional FDI). Inter-regional FDI to other developing countries, for instance between South-East Asia and Africa, remained limited (Fujita 1997). The largely 'South-South pattern' of FDI among developing countries is in line with the 'investment-development path' theory (IDP) in which countries initially internationalize towards 'psychic' similar (neighboring) countries (Narula 1996).

The three internationalization strategies identified in this article denounce the traditional assumption that internationalization is best considered a linear upward phenomenon towards progressive levels of internationalization. The rise of stocks of FDI over the 1990s coincided with a rise in Foreign Direct Divestments (FDD) (UNCTAD, 1999). From the perspective of individual firms, competitive internationalization is bound to lead to simultaneous lower degrees of internationalization of production in particular company divisions as the result of a regional restructuring of activities. Companies in the 1990s have started to create regional competence centers and rearrange production, R&D and financial strategies on a regional rather than global basis. De-internationalization is becoming an increasingly incremental part of the internationalization process. So, globalization is far from being predetermined and irreversible, as often put forth in static 'models' of globalization. Once a firm has internationalized, there is thus no inevitability about its continuation.

In the introduction it was argued that the scope and location of FDI determines the geographical context in which theories and models of international business and economics are set (Dunning 2000, Moon and Roehl 2001). Moon and Roehl (2001) qualified FDI of developing countries in developed countries as *unconventional FDI*, thereby emphasizing that a new framework of analyses is needed to explain this form of internationalization. Conventional postwar FDI theories, often primarily focused on FDI from developed to developing countries (efficiency and resource-seeking) and mainly taking place in the form of greenfield investments with a multi-domestic organization structure. They therefore covered mainly *classical internationalization strategies.*, concentrated on post war international expansion of mainly US corporations, and are clearly not applicable to explain the other strategies and directions of internationalization covered in this contribution. FDI from developing countries in other developing countries may be explained by a market-seeking rationale, but also by the asset-seeking motives included in the idea of competitive internationalization. Upward FDI to developed economies is more difficult to explain with existing theories of FDI (Moon and Roehl 2001). Emerging internationalization strategies are best exemplified by the search of developing countries' MNEs for complementary assets or technology and management know-how. This form of FDI is therefore more associated with "strategic or created asset seeking" (e.g. human capital) motives, rather than traditional "asset exploiting" (e.g. low-wages) motives.

Additionally, industrial organization and strategic management theories (based on the work of particularly Graham 1978, 1990; Knickerbocker, 1973) seem better suited to analyze the logic of the recent wave of transatlantic FDI, primarily in the form of cross-border M&As. Competitive internationalization strategies are largely motivated by strategic motives such as oligopolistic reaction and exchange of threats in order to secure market shares rather than by factors internal to the firm such as innovation, degree of vertical integration, the internationalization of markets, HRM structure.

EMERGING ISSUES IN FDI, GEOGRAPHY AND GLOBALIZATION

There are a number of emerging issues that can be derived from the above analysis of current FDI patterns and underlying internationalization strategies, both for developing as well as developed countries.

1. Despite all efforts, FDI to developing countries remains limited while at the same time there is a continued trend of increased concentration of FDI stock in the mature market economies of the OECD. Hence marginalization of developing countries comes not so much through TNC exploitation, as the 'anti'-globalist movement alleges, but rather through the limited role most developing countries play in the internationalization of production by MNEs. Established MNEs are 'trapped' between on the one hand the pressure from NGOs for environmentally and socially responsible investment in the Third World, and on the other hand, shareholders demanding increased performance levels. To avoid the obvious conflicts of interest, many MNEs are reluctant to invest in relative instable developing countries, in particular in Africa and the Middle East.
2. While classical internationalization strategies were previously associated with asset exploiting strategies (both natural resources as low wage labor), internationalization has increasingly triggered by the privatization of formerly state owned enterprises in developing countries (in particular in Latin America). The dependence upon privatization and deregulation as a locational attractiveness for foreign MNEs from developed countries, has in some cases lead to 'unsustainable FDI' in the form of asset stripping investments with limited spillover effects to

the national economy. In addition, the selling of a countries' "crown jewels" to foreign MNEs has often led to an upsurge of national sentiments towards globalization in general and may eventually undermine the political basis necessary to support further integration of these economies in the world economy. The slow-down of privatization and deregulation programs in developing countries like South Africa has led to a decline in inward FDI . This poses even greater challenges for governments in developing and emerging economies to attract new forms of FDI.

3. Although outward FDI from developing countries is still volatile, it is clear that as a specific form of FDI, it is *'here to stay'*. Nevertheless, the internationalization strategies of MNEs from developing countries are still primarily intra-regional and very much concentrated in the home region as opposed to upward and inter-regional FDI. The limited role of upward FDI, to challenge rival competitors in industrialized countries, reflects the vulnerable competitive advantage of the economies in which these MNEs originate. This poses challenges to the sustainability and duration of their foreign operations e.g. in the case of Korean MNEs like Daewoo. The combination of limited upward FDI in the form of emerging international strategies, and the increased dependence of these countries upon the privatization of formerly state-owned enterprises to attract inward FDI may prove to be a fragile and vulnerable development.
4. Attracting FDI has come to be seen as an important element in generating growth and employment and has accordingly become a key goal for local and national governments, in both developed and developing countries. Hence investment promotion agencies (IPAs), at both the national and sub-national level have proliferated over the 1990s. Paradoxically, at the same time location characteristics have become less important where M&As (and strategic alliances) are concerned, as opposed to greenfield investments (Friedman, Gerlowski, and Silberman 1992). M&As depend mainly on the availability of an existing and suitable partner or takeover target, rather than on the regulatory, fiscal and other features of the specific market in which the target is located. Additionally, location strategies of MNEs have become ever more complex as they are often strategically motivated in anticipation of the moves of competitors in a host market, rather than by the specific locational factors of the host market. Finally, regional integration has created more transparency among location factors for international business (especially within the Eurozone), facilitating the comparison of for instance labor costs between various locations. The tremendous growth of FDI over the 1990s has therefore also been accompanied with fierce policy competition. Policy competition develops not only at the national level but increasingly trickles down to a sub-national level among countries and between regions taking place both among developed countries (cf. Mytelka 2000) and developing countries (cf.

Rodríguez-Pose and Arbix 2001). For MNEs it is becoming increasingly profitable to "shop around" for tax grants, incentives or specific policy arrangements for foreign investors between various alternative location sites for a greenfield investment (Oman 2000). The "bidding competition" this has initiated among national and sub-national governments, increasingly tends to resemble "location tournaments" (Vernon 1998). Multilateral regimes as the WTO or deeper forms of regional integration (putting more regulatory power in the hands of the regional authorities) are the only effective potential means to limit the negative externalities of bidding competitions in for instance investment incentives and tax exemptions. Most national governments are reluctant to tackle these issues (as was clear in the MAI negotiations) (cf. Graham 2000).

5. Increasingly the extent and shape of 'globalization' through FDI depends on the volume of cross-border M&As. The growth in global FDI over the 1990s has been contributed to the boom in cross-border M&As. Since 2000, global FDI flows have shown a sharp fall, due to the collapse of the M&A wave. Many reasons have been cited to explain why MNEs partly or completely divest their operations in a specific location (Benito 1997, Boddewyn 1985). Often FDD is simply the 'spin off' of corporate *misfits* and over-optimistic acquisitions leading to poor performance. The last wave of global FDD for instance was predicated by a strong growth of M&As in the 1960s and motivated by disappointing (performance) results of (cross-border) M&As. The drawback in FDI flows since 1999/2000 may be signaling a trend of an emerging (foreign) divestment wave. As most FDI through cross-border M&As has taken place among developed countries, these countries may experience a new wave of restructuring by many MNEs.
6. The maturing of intra-regional internationalization within the EU has led to some MNEs from various EU countries' MNEs exploring the confines of a Transatlantic link between Europe and the United States. Increasingly continental European firms join, what was historically the domain of British and American MNEs, i.e. Transatlantic link and thus "re-energized the transatlantic connection" (Dunning 1998). After the "American challenge" in the 1960s and 1970s, the Japanese challenge in the 1980s and early 1990s, the present expansion of European MNEs in the United States can be qualified as a "European challenge" (Van Den Berghe 2002). The present shape of the transatlantic link is different from the past as it is increasingly driven by large takeovers and competitive rivalry for securing world market shares by giant MNEs, creating tensions between the largest regional economic blocks. The rejection of the European Commission of the merger between General Electric and Honeywell is just one example of increased tensions between the United States and the European Union, which may hinder consensus in multilateral investment and trade negotiations.

CONCLUSION

Based on trends in stocks of FDI this article introduced a tripartite framework of globalization. Three internationalization strategies by MNEs have been identified: *classical internationalization, emerging internationalization and competitive internationalization*. Driven by the proliferation of numerous Regional Integration Agreements (RIAs) over the 1990s, the rise of *competitive internationalization* among countries with similar location conditions, in particular within homogeneous regional blocks as the European Union, but also between the European Union and the United States, is most salient. Therefore the contemporary configuration of globalization reveals a bi/dyadic regionalist dynamism. The tripartite framework was used to position some FDI theories in their geographical and historical context. Based on the framework a number of current FDI and globalization related issues were discussed that pose challenges for developing as well as developed countries.

REFERENCES

Benito, G. R. 1997. Why are foreign subsidiaries divested? A conceptual framework. In I. Bjorkman and M. Forsgren, editors, *The nature of the international firm*. Copenhagen: Handelshojskolens Forlag.

Boddewyn, J. J. 1985. Theories of foreign direct investment and divestment: a classificatory note. *Management International Review* 25 (1): 57-65.

Buckley, P. J., and M. Casson. 1976. *The future of the multinational enterprise*. London: Macmillan Press.

Buckley, P. J. and J. Clegg. 1998. Atlantic foreign direct investment flows. In G. Boyd, editor., *The struggle for world markets. Competition and cooperation between NAFTA and the European Union*. Cheltenham: Edward Elgar.

Campbell, D. 1994. Foreign investment, labour immobility and the quality of employment. *International Labour Review* 133 (2): 185-204.

Cantwell, J. 1994. The relationship between international trade and international production. In D. Chesnais, F. and A. Sailleau. 2000. Foreign direct investment and European trade. In F. Chesnais, G.

Ietto-Gillies and R. Simonetti, editors, *European integration and global corporate strategies*. London: Routledge.

Chudnovsky, D. and A. López. 2000. A third wave of FDI from developing countries: Latin American TNCs in the 1990s. *Transnational Corporations* 9 (2): 31-74.

Clegg, J., and S. Scott-Green. 1999. The determinants of new FDI capital flows into the EC: A statistical comparison of the USA and Japan. *Journal of Common Market Studies* 37 (4): 597-616.

Dent, C.M. 1996. *The European economy. The global context*. London: Routledge.

Dunning, J. H. 1988. The eclectic paradigm of international production: A restatement and some possible replications. *Journal of International Business Studies* 19 (1): 1-31.

Dunning, J. H. 1998. Re-energizing the transatlantic connection. In G. Boyd, editor, *The struggle for world Markets. Competition and cooperation between NAFTA and the European Union* . Cheltenham: Edward Elgar.

Dunning, J. H. 2000. Globalization and the theory of MNE activity. In N. Hood and S. Young, editors, *The globalization of multinational enterprise activity and economic development*. London, Macmillan Press.

Enright, M. 2002. *Geographies and international business: a three-dimensional approach.* Paper presented at the plenary session of the AIB annual meeting, June 28-July 2 San Juan, Puerto Rico.

Eurostat. 2001. *Foreign owned enterprises in the EU - Results for 8 member states*. Brussels: Eurostat.

Flowers, E. B. 1976. Oligopolistic reactions in European and Canadian direct investments in the United States. *Journal of International Business Studies* 7 (3): 43-55.

Ford, S. and R. Strange. 1999. Where do Japanese manufacturing firms invest within Europe, and why? *Transnational Corporations* 8(1): 117-42.

Friedman, J., D.A. Gerlowski, and J. Silberman. 1992. What attracts foreign multinational corporations: evidence from branch plant location in the United States. *Journal of Regional Science* 32 (4): 403-418.

Fujita, M. 1997. *Asian foreign direct investment in Africa.* Paper presented for the UNCTAD's first sub-regional workshop on Asia-Africa trade and investment diversification and networking, Harare, Zimbabwe, 25-28 November. Geneva: UNCTAD.

Graham, E. M. 1978. Transatlantic investment by multinational firms: a rivalistic phenomenon? *Journal of post-Keynesian Economics* 1 (1): 82-99.

Graham, E. M. 1990. "Exchange of threat" between multinational firms as an infinitely repeated non-cooperative game. *International Trade Journal* 4 (3): 259-277.

Graham, E. M. 2000. *Fighting the wrong enemy. Antiglobal activists and multinational enterprises*. Washington D.C.: Institute for International Economics (IIE).

Hamill, J. 1993. Employment effects of the changing strategies of multinational enterprises. In P.

Bailey, A. Parisotto, and G. Renshaw, editors, *Multinationals and employment. The global economy of the 1990s*. Geneva: International Labour Office (ILO).

Held, D., A. Mc Grew, D. Goldblatt, and J. Perraton. 1999. *Global transformations. Politics, economics and culture.* Cambridge: Polity Press.

Hirst, P. and G. Thompson. 1996. *Globalisation in question. The international economy and the possibilities of governance*. Cambridge: Polity Press.

Hymer, S. H. 1976. *The international operations of national firms: A study of direct foreign investment.* Cambridge, MA: M.I.T. Press (Unpublished PhD dissertation from 1960).

Ietto-Gillies, G. 1992. *International production: trends and theories.* Cambridge: Polity Press.

Jones, G. 1996. *The evolution of international business.* London: Routledge.

Knickerbocker, F. T. 1973. *Oligopolistic reaction and multinational enterprise.* Boston: Harvard Business School.

Krugman, P. 1998. What's new about the new economic geography? *Oxford Review of Economic Policy* 14(2): 7-17.

Lall, S. 1983. *The new multinationals: the spread of third world enterprises.* London: Wiley/IRM.

Mathews, J.A. 2002. *Dragon multinational. A new model for global growth.* Oxford: Oxford University Press.

Meyer, K. E. and S. Estrin. 2001. Brownfield entry in emerging markets. *Journal of International Business Studies* 32(3): 575-84.

Moon, H. C., and T. W. Roehl. 2001. Unconventional foreign direct investment and the imbalance theory. *International Business Review* 10 (2): 197-215.

Mytelka, L. K. 2000. Location tournaments for FDI: inward investment into Europe in a global world. In N. Hood and S. Young, editors, *The globalization of multinational enterprise activity and economic development* . London: Macmillan Press.

Narula, R. 1996. *Multinational investment and economic structure. Globalisation and competitiveness.* London: Routledge.

OECD. 1999. *Foreign Direct Investment Yearbook, 1999.* Paris: OECD.

OECD. 2000. *Foreign Direct Investment Yearbook, 2000.* Paris: OECD.

OECD. 2000. *Cross-border mergers and acquisitions: their role in industrial globalisation* (STI Working Papers). Paris: OECD.

Oman, C. 2000. *Policy competition for foreign direct investment. A study of competition among governments to attract FDI.* Paris: OECD Development Centre Studies.

Ohmae, K. 1990. *The borderless world: power and strategy in the global marketplace.* London: Collins.

Pearce, R. D., and A.N. Tavares. 1998. *Strategies of multinational subsidiaries in the context of regional trading blocks.* (University of Reading Discussion Papers in International Investment and Business Studies Series B 257). Reading: University of Reading.

Reich, R. 1991. *The work of nations: preparing ourselves for 21st century capitalism.* New York: Alfred Knopf.

Rodríguez-Pose, A. and G. Arbix. 2001. Strategies of waste: bidding wars in the Brazilian automobile sector. *International Journal of Urban and Regional Research* 25 (1): 134-154.

Rugman, A. M. 1980. Internalization as a general theory of foreign direct investment: a re-appraisal of the literature. *Welwirtschaft Archiv* 116 (2): 365-79.

Rugman, A. 2000. *The end of globalisation*. Oxford: Oxford University Press.

Ruigrok, W. and R.J.M. Van Tulder. 1995. *The logic of international restructuring*. London: Routledge.

Schenk, E.J. 1999. *Are international acquisitions a matter of strategy rather than wealth creation?* Rotterdam: Erasmus University Rotterdam, Rotterdam School of Management**.**

Scott, A. J. 1998 *Regions and the world economy. The coming shape of global production, competition, and political order*. Oxford: Oxford University Press.

Storper, M. 1997. *The regional world. Territorial development in a global economy*. New York and London: The Guilford Press.

UNCTAD. 1997. *World investment report 1997. Transnational corporations, market structure and competition policy*. New York and Geneva: United Nations.

UNCTAD. 1999. *World investment report 1999. Foreign direct investment and the challenge of development*. New York and Geneva: United Nations.

UNCTAD. 2000. *World investment report 2000. Cross-border mergers and acquisitions and development.* New York and Geneva: United Nations.

UNCTAD. 2002. *World investment report 2002. Transnational corporations and export competitiveness*. New York and Geneva: United Nations.

Van Den Berghe, D. 2002. Foreign direct investment and the EU: an emerging European challenge. In: *EIU World investment prospects 2002*. London: Economist Intelligence Unit (EIU).

Van Tulder, R.J. M, D. Van Den Berghe,. and A. Muller. 2001. *Erasmus Scoreboard of core companies: the internationalization of the world's largest firms*. Rotterdam: Erasmus University Rotterdam.

Vernon, R. 1998. *In the hurricane's eye. The troubled prospects of multinational enterprises*. Cambridge, MA: Harvard University Press.

Wells, L. T. 1983. Third world multinationals: the role of foreign direct investment from developing countries. Cambridge, MA: M.I.T. Press.

Yannopoulos, G. N. 1990. Foreign direct investment and European integration: the evidence from the *formative years of the European Community*. Journal of Common Market Studies *28 (3): 235-260*.

Yeung, H. W., editor. 2000. *The globalization of business firms from emerging economies*. Cheltenham: Edward Elgar.

Yip, G.S. 1992. *Total global strategy: managing for worldwide competitive advantage*. 1st edition. Engelwood Cliffs, NJ: Prentice Hall.