The geography of globalization:

The growth of competitive internationalization strategies

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Abstract

This paper argues that, in contrast to the one-dimensional static approaches towards globalization, current globalization is shaped by a process of four simultaneous directions and forms of internationalization: *competitive internationalization, emerging internationalization, classical internationalization and de-internationalization*. The qualitative dimensions of these forms of internationalization lead to a specific framework of internationalization. In addition, it is argued that the rise of so-called *competitive internationalization* within the EU and between the EU and the United States is most salient.

Keywords: FDI, M&As, internationalization strategies and multinational enterprises.

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Introduction

Globalization became the 'buzz word' of the 1990s. The process of globalization is facilitated by liberalization policies of governments and developments in information and communication technology (ICT). The main carriers of globalization are multinational enterprises (MNEs). As carriers of globalization, MNEs have played a prevalent role in shaping the current state of the world economy. This is most clearly exemplified by the accelerated growth of foreign direct investments (FDI) over the 1990s. It is worth emphasizing that the structural changes, which have been taking place over the 1990s, cannot be demonstrated by cross-temporal comparisons of quantitative economic data alone. A more thorough qualitative analysis is needed to fully conceptualize current globalization.

This paper argues that, by analyzing FDI data over the 1980-2000 period, it is possible to identify *four simultaneous directions and forms of internationalization*. These simultaneous trends shape the current world economy and go beyond the linear static uni-dimensional 'models' of globalization as being a process of: *triadization, internationalization or sub-nationalization.* A more micro (MNE) level of analyzes emphasizes the qualitative nature of these four directions of internationalization.

Instrumentally the following directions and forms of internationalization are distinguished:

a) Classical internationalization;

b) Competitive internationalization;

c) New or emerging internationalization;

d) De-internationalization.

The quantitative and qualitative dimensions of these four forms of internationalization are described in section 2 and lead to a specific framework of internationalization (section 3). This framework goes beyond linear static arguments of globalization yes or no, but rather approaches globalization as a *dynamic process* of four simultaneous trends. Most salient is the growth of *competitive internationalization* through intra- and inter-regionalization processes, especially among the EU member states and between the European Union and the United States. The latter leading to *dyadization* as opposed to *triadization*. The first section elaborates on the debate on globalization.

1. The 'big debate': globalism, regionalism or internationalization

The rapid growth in international trade, investment and financial capital over the last decades has led to an increased interdependence of the world economy. Globalization is the phrase used to describe this process of increased *interconnectedness*. Mc Grew defines the phenomenon in the following words:

> "Globalization refers to the multiplicity of linkages and interconnections between the states and societies which make up the present world system. It describes the process by which events, decisions, and activities in one part of the world come to have significant consequences for individuals and communities in quite distant parts of the globe. Globalization has two distinct phenomena: scope (or stretching) and intensity (deepening). On the other hand, it defines a set of processes which embrace most of the globe or which operate worldwide: the concept therefore has a spatial connotation. On the other hand, it also implies intensification on the levels of interaction, interconnectedness or interdependence between the states and societies, which constitute the world community. Accordingly, alongside the stretching goes a deepening of global processes." (McGrew, 1992: 23).

Kobrin uses similar words, as *broader* and *deeper* to describe the historically uniqueness of current globalization. In contrast to earlier periods (1870-1914), he argues, "national markets are *fused* transnationally rather than linked across borders." (Kobrin, 1997).

Similarly Giddens (1990) defines globalization as the:

"Intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa." (Giddens, 1990: 64).

Scope (or stretching), intensity and interconnectedness are the common words used to describe the *quantitative* and *qualitative* transformation of the world economy over the 1990s. It is exactly three words, which have been the prime focus of the debate on globalization within and across academic disciplines.

For some, globalization is not new but is simple a process of 'bringing things back to an earlier stage at the beginning of the 20th century' (Hirst and Thompson, 1999). Others have exaggerated the whole process of globalization by referring to a "borderless world" (Ohmae, 1995) without nations states (Reich, 1994). While others have emphasized that it is better to refer to *internationalization, Triadization* (Ruigrok and van Tulder, 1995) or *regionalization* (Rugman, 2000) to stress the uneven and regional dimension of globalization. Others go further and state that globalization increasingly trickles down to a *sub-national level.* Indicating that the global economy consists of a 'mosaic of sub-national regions' (Scott, 1998). While, the debate on globalization centers on the *scope and intensity* of the process, there is general agreement that globalization is driven by the international expansion of multinational enterprises (MNEs). According to UNCTAD's latest World Investment Report today there are more than 63,000 parent firms controlling more than 690,000 foreign affiliates abroad. In 1999 these 63,000 parent's controlled \$17.7 US billion of assets abroad, directly employing more than 40 million people, selling more than \$13.6 billion US, of which \$3.2 billion US is exported from their foreign affiliates to third countries (UNCTAD, 2000: xv). Through exports, intra-firm trade and international investment MNEs define the *scope, intensity and impact* of globalization. The next section will analyze globalization from the perspective of MNEs. The extent to which degree their operations are internationalized is captured, at a macro level, by foreign direct investment (FDI) data. FDI constitutes the capital base for MNEs international production. It is argued that, by analyzing FDI data over the 1980-2000 period, it is possible to identify *four simultaneous directions and forms of internationalization*. These simultaneous trends shape the current world economy and go beyond the linear static uni-dimensional ‘models’ of globalization as being a process of: *triadization, internationalization or sub-nationalization.* A more micro (MNE) level of analyzes emphasizes the qualitative nature of these four directions of internationalization.

2. International investment by MNEs over the period 1980-2000. Defining the geographical extent of globalization: macro trends with micro drivers

Since the mid 1980s the stock of worldwide foreign direct investment (FDI), both outward and inward, has grown at a considerable rate. 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 over the same period (UNCTAD, 1997: xv). Through the midst of the 1990s FDI growth levels accelerated. Seemingly unaffected by the Asian financial crisis, FDI inflows increased by 39 per cent to a new record level of $644 billion, while outflows reached $649 billion, a growth of 37 per cent over 1998 (UNCTAD, 1999: 9). Consequently FDI has gradually supplemented trade as the mode through which economies are inter-linked. Since the mid 1990s cross border mergers and acquisitions have become the prime mode through which international operating firms (especially European and US) expand abroad. The growth of FDI is thus for a largely attributable to the growth of cross-border M&As over the last ten years (Cf. UNCTAD, 2000). Mergers and acquisitions, as opposed to greenfield investments, are considered as a fast way for firms to build up a locational portfolio and get access to foreign markets – for both natural resources but especially human capital and so-called 'created assets'. Cross border (majority held) mergers and acquisitions have increased by almost 74 per cent between 1997 and 1998. In 1997 the increase was already more than 45 per cent (UNCTAD, 1999). In 1999 the increase was 35 per cent, reaching – according to UNCTAD estimates - $720 billion in over 6 000 deals (UNCTAD, 2000: 10). Whereas UNCTAD in 1997 concluded that between 55 and 60 percent of FDI flows over the period 1985-1995 was accounted for by mergers and acquisitions, others have emphasized that 90 % of FDI flows from and to the US are in the form of M&As (Schenk, 1999). In analyzing the growth of international investment by MNEs over the last twenty years, Dunning (2000) distinguishes four *directions* 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.

Dunning distinguishes these four directions of FDI to urge scholars to set models and theories of MNE activity within a specific geographical context. In addition, this paper argues that each *direction* is characterized by a specific *form and qualitative nature* of internationalization strategies by MNEs. Adding the concept of *de-internationalization*, instrumentally the following directions and forms of internationalization are distinguished:

a) **Classical internationalization** (or traditional internationalization); From developed countries to developing countries (both transition and emerging economies). Others have dubbed this downward FDI (Moon and Roehl, 1999).

b) **Competitive internationalization;** Internationalization taking place between countries with similar levels of development and or similar location conditions. It can thus take place among developed as well as developing countries, taking the form of both *intra-regionalization and inter-regionalization*;

c) **Emerging internationalization;** Internationalization by MNEs originating in developing, transition or emerging market economies to developed countries and other developing countries. While, the former direction has been dubbed upward FDI or *unconventional FDI*, thereby emphasizing that a new framework of analyzes is needed to explain this form of internationalization (Moon and Roehl, 1999), the latter in fact belongs to the category of *competitive internationalization* identified above;

d) **De-internationalization;** Trends in FDI indicate that internationalization is not predetermined in its direction, *internationalization and de-internationalization are two sides of the same coin and as such de-internationalization is an incremental part of the internationalization processes.* Once a firm has internationalized, there is no inevitability about its continuance. At a macro level de-internationalization is documented in Foreign Direct Divestment (FDD) data. Benito (1997) defines FDD as "the dismantling of an ownership relation across national borders". A distinction can be made between forced (involuntary) and deliberate (voluntary) divestments. From a strategic firm perspective most FDD is deliberate i.e. liquidation or sale of all or major parts of a firm's operations in another country.

The parameter in identifying these four trends and directions of internationalization is the level of development (as measured by GNP per head). This distinction between developing and developed countries is somewhat arbitrary and purely based on heuristic methods, rather than on sound theoretical reasoning. Differences among developed or developing countries may even be larger than between the two groups. These four directions and forms of internationalization simultaneously shape the current process of globalization and go beyond the linear static arguments of globalization as *internationalization, regionalization or triadization*, as stated above.

The following sections define each form of internationalization in quantitative terms and emphasize the qualitative dimensions by taking a more micro (MNE) approach.

2.1 Classical internationalization

Although the share in worldwide FDI stock (both inward and outward) of developing countries has increased, developed countries remain the principal source and destination of FDI (see table 1 and 2 in the appendix). Most FDI remains in the European Union (EU) and the United States (Cf. UNCTAD, 1999: 21-22). Cross-border M&As, as opposed to greenfield investments, prevail among preferred entry strategies of MNEs. This is not universal. Although FDI to developing countries associated with cross-border M&As is growing, it remains strongly related to privatization programs from national governments with foreign (developed) firms as acquirers. A large share of FDI to developing countries still consists of greenfield investments (Cf. UNCTAD, 2000*)*. It is very hard to identify a consistent pattern in classical internationalization strategies. In contrast, FDI to developing countries is very volatile (Cf. UNCTAD, 1999), which underlines the assumption that privatization triggers, classical internationalization. This form of internationalization is still very much associated with asset exploiting strategies (both natural resources and low wage labor) for a large part taking place in the form of greenfield investments accompanied with a multi-domestic organizational structure (Cf. Hamill, 1993). In this context it is the oldest form of internationalization by MNEs and predominated over the post war period until the late 1980s.

2.2 Competitive internationalization

Competitive internationalization takes place among both developed countries as well as developing countries. It consists of intra-regionalization and inter-regionalization. First, it is analyzed it from the perspective of developed countries.

2.2.2 Competitive Internationalization among developed countries…

As the bulk of FDI still originates (table 1 in the appendix) and is located (table 2 in the appendix) in the developed world, some have concluded that Triadization is a better qualification for current globalization (Cf. Ruigrok and van Tulder, 1995; UNCTAD, 1999: 22; Rugman, 2000). This qualification, however, neglects the ambivalent role of Japan in world investment as opposed to the size of its domestic economy.

Although the US outward share has declined from 42.9 % in 1980 to 24.1 % in 1998, the EU position has increased sharply from 40 % in 1980 to 47.5 % in 1998 (table 1 appendix). Together the EU and US make up for more than two thirds of the grand total in 1998. Inward stocks for the EU have remained fairly stable over the whole period and fluctuated around 36 %, while the US has become an attractive location for FDI: from 16.4 % in 1980 to 21.4 in 1998 (table 2 appendix). In contrast Japan's role and contribution to world FDI stocks and flows is minimal as opposed to the size of its domestic economy. The share of FDI outward stock of Japan has grown from 3.8 % in 1980 to 11.2 % in 1990 and declined to 7.2% in 1998. Inward stock has been stable over the last 20 years at around 0.6%, and only in 1995 it exceeded the 1% level (table 2 appendix). This misinterpretation of Japan as a large foreign investor can also be witnessed at a micro level. Some of the largest firms in the world originate in Japan. *However, large does not necessarily imply international.* Of the world's 200 largest core companies, 60 are from Japan. Among these 60 firms are the so-called large well-established MNEs of Japan (Toyota, Sony and Mitsubishi etc.), but also firms which have only recently began internationalizing and a group of domestic firms (Cf. van Tulder *et. al.*, 2001 *forthcoming*). The degree of internationalization, as measured by the Transnationality Index (TNi)[1] of Japan's well-established MNEs in 1998 is 39%. For well-established MNEs from the EU and the United States these averages are considerably higher (62% and 42% respectively).

…Both intra-regional as well as inter-regional.

While Dunning (2000) distinguishes one direction of *FDI by developed-country firms in other developed countries*, here it is separated into two categories: *intra-regional FDI and inter-regional FDI*. The first category is most prevalent among MNEs originating in the EU member states and to a lesser extent between the NAFTA member states (US, Canada and Mexico). Inter-regional FDI takes place between the two integrating blocs on both sides of the Atlantic; between the United States and the European Union.

Table 1 Intra and inter regional FDI stocks by four EU member states and the United States

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
UK											
Intra-regional	27,8%	25,0%	25,3%	28,8%	30,0%	30,1%	34,5%	37,9%	38,9%	45,0%	45,7%
of which EU (15)	25,1%	22,7%	23,0%	26,6%	27,7%	27,7%	32,5%	35,1%	37,0%	43,1%	42,7%
of which other Europe	2,8%	2,3%	2,3%	2,3%	2,3%	2,4%	2,0%	2,8%	1,8%	1,9%	3,0%
Inter-regional	43,0%	47,8%	47,8%	43,9%	41,9%	42,3%	39,2%	34,1%	34,5%	28,1%	31,3%
of which USA	36,6%	41,7%	42,1%	38,3%	36,6%	37,3%	34,6%	31,1%	31,9%	25,5%	28,3%
of which Canada	6,1%	5,7%	5,4%	5,2%	5,0%	4,6%	4,3%	2,8%	2,7%	2,3%	2,4%
of which Mexico	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,2%	0,2%	0,3%	0,6%
FRANCE											
Intra-regional	58,4%	62,1%	61,6%	66,5%	70,0%	64,8%	62,3%	63,5%	62,1%	54,5%	53,8%
of which EU (15)	46,7%	51,8%	54,4%	59,3%	63,7%	59,3%	56,3%	56,5%	54,8%	49,1%	49,6%
of which other Europe	11,7%	10,3%	7,2%	7,3%	6,3%	5,5%	6,0%	7,0%	7,4%	5,4%	4,1%
Inter-regional	26,4%	25,8%	28,8%	24,1%	21,9%	19,4%	21,3%	21,1%	21,0%	20,8%	25,9%
of which USA	24,3%	22,8%	24,6%	21,1%	19,5%	17,1%	18,5%	19,7%	19,5%	19,3%	24,4%
of which Canada	2,0%	2,7%	4,0%	2,8%	2,3%	2,1%	1,7%	1,2%	1,2%	1,1%	1,2%
of which Mexico	0,1%	0,2%	0,2%	0,2%	0,2%	0,2%	1,0%	0,3%	0,2%	0,4%	0,3%
GERMANY											
Intra-regional	52,6%	51,3%	54,1%	60,7%	63,0%	63,3%	61,6%	63,5%	65,6%	63,1%	61,8%
of which EU (15)	44,2%	43,8%	47,3%	53,2%	55,9%	56,2%	54,0%	55,6%	56,8%	54,3%	52,1%
of which other Europe	8,4%	7,6%	6,9%	7,4%	7,1%	7,1%	7,6%	8,0%	8,8%	8,8%	9,7%
Inter-regional	32,0%	34,2%	33,1%	28,6%	26,0%	25,4%	26,4%	23,6%	21,9%	23,8%	25,4%
of which USA	28,3%	30,0%	29,3%	24,6%	22,3%	21,9%	23,0%	21,0%	19,5%	21,5%	22,7%
of which Canada	3,2%	3,2%	3,0%	3,0%	2,7%	2,5%	2,3%	1,9%	1,7%	1,6%	1,7%
of which Mexico	0,4%	1,0%	0,9%	0,9%	1,0%	1,0%	1,1%	0,8%	0,6%	0,7%	1,0%
NETHERLANDS											
Intra-regional	49,9%	46,8%	49,5%	54,4%	55,0%	53,0%	52,1%	56,9%	57,7%	57,0%	55,4%
of which EU (15)	41,5%	38,6%	41,7%	45,7%	46,3%	43,2%	44,7%	48,5%	48,7%	47,4%	45,8%
of which other Europe	8,4%	8,2%	7,8%	8,7%	8,7%	9,8%	7,4%	8,4%	9,0%	9,7%	9,5%
Inter-regional	33,9%	35,4%	33,3%	29,3%	28,0%	29,9%	33,2%	28,1%	26,6%	27,1%	28,7%
of which USA	33,9%	35,4%	33,3%	29,3%	28,0%	29,9%	30,4%	25,7%	24,4%	24,4%	26,3%
of which Canada	n.a	n.a	n.a	n.a	n.a	n.a	2,5%	2,2%	2,1%	2,5%	2,2%
of which Mexico	n.a	n.a	n.a	n.a	n.a	n.a	0,4%	0,4%	0,4%	0,3%	0,1%
USA											
Intra-regional (into NAFTA)	19,9%	20,4%	18,9%	18,5%	17,8%	16,4%	15,1%	14,9%	14,4%	13,7%	13,9%
of which Canada	18,4%	18,7%	16,7%	16,1%	15,1%	13,7%	12,4%	12,1%	11,9%	11,3%	11,1%
of which Mexico	1,6%	1,7%	2,2%	2,4%	2,7%	2,7%	2,7%	2,8%	2,4%	2,4%	2,8%
Inter-regional (into Europe)	47,9%	46,8%	48,7%	49,6%	50,0%	49,1%	49,9%	48,5%	49,3%	49,0%	48,5%
of which EU (15)	40,2%	39,7%	42,2%	42,7%	43,5%	42,6%	43,3%	42,1%	43,1%	43,3%	43,0%
of which other Europe	7,7%	7,1%	6,5%	6,9%	6,5%	6,5%	6,5%	6,4%	6,2%	5,7%	5,6%

Source: OECD Foreign Direct Investment Yearbook, 1999

Table 1 documents the geographical distribution of outward FDI stocks of four EU member states: UK, France, Germany and The Netherlands (as an example of a small EU member state, but large foreign investor), and the United States. As regard to intra- and inter regional FDI the following observations are made:

- The UK has increased its outward FDI in the EU considerably, from 25.1 % in 1987 to 42 % in 1998 (table 4), while its outward stock in the United States has declined considerably.
- For France intra-EU FDI stocks grew at a fast rate, culminating in a high 63.7 % in 1991 after which it declined and stabilized around 49 % in 1997. Its outward stock in the United States (inter-regional) declined in the early 1990s, and recently climbed back to its initial level in 1987.
- Germany's outward FDI stocks fluctuate, but as of 1995 the small decline of intra-EU FDI stocks is attributable to Germany's increased stocks in Eastern Europe (in table 1: "other Europe"). Outward stock in the United States showed a similar pattern as France.
- For The Netherlands, intra-EU FDI is more volatile. In 1995, outward FDI stocks in the EU were at its peak. Outward stocks in the US have declined from 33.9 per cent in 1987 to 26.3 per cent in 1997.
- US MNEs have diminished their outward stocks in the NAFTA region (intra-regional) at the expense of Canada but slightly increasing in Mexico. Although, inter-regional FDI to the whole of Europe has remained stable, the share of the EU has increased slowly from 40 per cent in 1987 to 43 per cent in 1997.

Although it is hard to developed a clear and stable picture of intra-regional FDI in the EU, table 1 above reveals that for the three largest EU members states and one small EU member state, 42-52 per cent of their FDI stocks are located within the EU. Highest levels were reached in the early 1990s. If total Europe is taken into account, the shares are up to 60 % for France, Germany and the Netherlands, and 45 % for the UK (table 1).

In addition to intra-regional FDI, since the mid 1990s global FDI stocks and flows are characterized "…by an intensification of TNC-led links between the United States and the European Union, *each of them being the largest source of FDI for the other*, …" (UNCTAD, 1999: xxi)[2]. This is known as inter-regional FDI i.e. Transatlantic FDI[3]. Leading inward investing nations into the United States are also the largest recipients of FDI from the United States. Among them are UK, France, Germany, the Netherlands and Switzerland. (Cf. Buckley and Clegg, 1998). Table 1 indicates that for all these EU member states the US is the second largest location for FDI. Vice versa, this pattern is similar for the United States towards the EU.

This *transatlantic European Union-United States* connection, which is still in a very nascent stage, appears to be succeeding a period of inward focus of both the United States and EU in the early to midst 1990s. Historically, this' *transatlanticism'* goes back to the early connection between the *United States and the United Kingdom*, which today is still strong[4]. In the literature, this transatlantic connection is reflected in a long tradition of research, starting with Dunning (1958) on the post world war two expansion of US MNEs to the UK)[5]. Historical, cultural and linguistic similarities shape this transatlantic connection between the UK and US. Increasingly, many US MNEs prefer to directly internationalize to continental Europe, instead of using the UK as a 'stepping stone'. Vice versa, many European MNEs are expanding beyond the confines of the EU, towards the United States. The motives for this are of a diverse nature. One could be that the monetary union and the high pound as opposed to the Euro, attracts a lot of 'export-led FDI' away from the UK towards the Euro member states of the EU[6].

Textbox 1: Micro level research: Europeanization and dyadization

Research at the Erasmus University, Rotterdam (SCOPE database) has showed that before 1995 both European and non-European firms have expanded their activities (as measured by assets and sales) within the EU. While after 1995 especially European firms have expanded beyond the confines of the EU. At the same time non-European firms maintained their European focus. This has led the researchers to conclude that increasingly 'Europeanization' is primarily a non-European affair and that non-European firms have been pro-active while European firms have been re-active as regard to internationalization. Naturally, differences in country of origin remain. The largest ten MNEs from France, UK, Germany, Switzerland and The Netherlands still have a high degree of regional European concentration in their international activities over the period 1993-1997. Averages range from around 80 per cent for France and Germany to 50 per cent for the smaller European countries (Netherlands and Switzerland) and the UK. In addition, the 10 largest UK MNEs seem to be focusing more on continental Europe as opposed to the United States. Above all the figures also show that this European regional concentration is declining, in favor of a more Transatlantic North-American connection especially for countries like the Netherlands.

So most MNEs have the largest share of their activities in the home region, while increasing their share in a second region. For US MNEs this is increasingly Europe (or EU), while for European firms this is the US (or North America). It is therefore better to speak of *dyadization* then of *Triadization*.

Source: (Cf. van Tulder *et. al.*, 2001 *forthcoming).*

Competitive internationalization strategies among developed countries: cross-border Mergers and acquisitions prevail

As stated above, the form through which intra- and inter regional FDI takes place is increasingly through cross-border M&As. European firms have found M&As a good vehicle to set up networks across Europe, especially before the 1992 single market. After this period European firms have increased their geographical scope, especially across the Atlantic (Cf. Chesnais *et. al.*, 2000). Over the last two years these giant intra- and inter-regional M&A have been headline news. Most of the cross-border M&As can be classified as horizontal (between competing firms in the same industry). The motives for these M&A are of diverse nature. Strategic management literature emphasizes the importance of firm size (in terms of both stocks and assets) as a defense mechanism to takeovers ("buy of be bought" is an often heard phrase), thereby fuelling the M&A boom. This has put firms in a position of "strategic comfort" (Schenk, 1999). Within this context strategic motives, exchange of threats, rivalry for securing world market shares and corporate independence prevail over sound economic reasoning. Competitive games predominate, in which each strategic move is motivated by the strategy of rivals in oligopolistic industries. Despite the logic of these strategic arguments, other driving forces of the M&A wave are the (re) focus of many firms on their core competencies and products (disintegrating conglomerates) and striving to be a world market leader in a limited array of core products/services. The search for a better strategic fit between their divisions initiates divestments among redundant divisions or complete subsidiaries, again fuelling the M&A wave.

Competitive internationalization creates a different setting for internationalization than traditional reasoning (market seeking, resources seeking and the like). Competitive internationalization comes perhaps closest to Dunning's concept of "strategic or created asset seeking" (e.g. human capital) as opposed to "asset exploiting" (e.g. low-wages). Competitive internationalization among the EU and United States is increasingly fuelled by enhanced regionalization on both sides of the Atlantic. While both Regional Integration Agreements (RIAs) are different in character and extent, both lead to a better investment climate and increased transparency. This increased transparency naturally creates a more competitive environment, with different locations, regions or countries competing for inward FDI. This has initiated fierce policy competition across the EU and between the EU and US over the 1990s. This policy competition is not only at the national level (among countries of the EU and between the EU and US) but increasingly trickles down to a sub-national level among countries and between regions or states (as in the US). The 'window dressing' in locational attractiveness and the competitive nature of this process over the 1990s often resembles that of "beauty contests" (Scott, 1998) or "location tournaments" (Cf. Vernon, 1998: 32-33).

2.2.2 Competitive Internationalization: among developing countries: intra-regional, but less inter-regional.

The outward expansion of developing countries also has an intra-regional character. Most of the outward FDI from emerging economies is directed to neighboring regional developing markets, but less so to developed market economies (inter-regional). For instance in 1996 only 4 per cent, the outward FDI stock of Asian developing countries is located in the EU and its member countries. This low share reflects the fact that Asian firms are only just beginning to internationalize (Fujita, et. al., 1997). Table 2 below looks at intra-regional FDI for two emerging regions: the South, East, South East Asian (roughly ASEAN) and Latin American region. It shows that not only competitive internationalization among developing countries has increased; it also shows that this is for a large part attributable to the growth of intra-regional FDI[7]. Above all upward FDI or emerging internationalization from these emerging markets has declined considerable over the period under analysis. This process has coincided with the intra- and to a lesser extent inter-regionalization process among the EU and US.

Table 2. Division of direction of outward FDI stocks in competitive (intra and inter) and upward FDI for South, East, South-East Asia and Latin America.

South,East, South-East Asia (a)	**1987**	**1997**	**Latin America (b)**	**1986**	**1992**
Competitive	79.05	90.95	**Competitive**	31.91	49.66
of which Intra	77.13	88.82	**of which Intra**	30.34	48.77
of which Inter	1.91	2.13	**of which Inter**	1.57	0.89
Upward	20.95	9.05	**Upward**	68.09	50.34
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.

Source: based on UNCTAD, 1999 (24-26).

2.3 Emerging internationalization

Additionally, the 1990s have witnessed the growth of FDI from developing countries. The outward stock of FDI from developing countries has grown from 2.6 % in 1980 to 9.5 in 1998 (see table 1 and 2 in the appendix). Inward stock has only marginally grown and shows a much more volatile pattern: from 26.2 % in 1980 to 29.8 % in 1998, South East Asia taking the largest share of inward FDI. While FDI from developing countries as a whole is by no means a new phenomenon (Cf. Wells, 1983; Lall, 1983)[8], the current high share of developing outward stock exemplifies that many emerging markets (in especially South East Asia, but less so in Latin America) have been able to progress *from host to home countries of FDI* and MNEs. This for a large part reflects the maturity and enhanced competitive advantage of their home economies. What the 1990s have made clear is that FDI from emerging markets, as a specific form of FDI from developing countries, is *'here to stay'*. At a micro level this is best exemplified by UNCTAD's list of Top 50 TNCs from developing countries[9]. Although, many of these Top 50 TNCs are still in an early phase of internationalization, some have already grown to become ‘well established’ MNEs. For instance Daewoo and PDVSA have, due to their size of foreign assets, progressed to the 'league' of Top 100 TNCs from developed countries (UNCTAD, 1999).

However, if the strict definition of *emerging internationalization* is applied, table 2 shows that not much of FDI from developing countries is *really upward*; i.e. from developing to developed countries. In contrast, for two largest regions in the world it has even declined over the last ten years (table 2). For Latin America, it is still more than 50 % of total outward FDI, but for the South-East Asian region is has declined to 9 %.

2.4 De-internationalization

The overwhelming academic attention to internationalization or globalization over the last decade implicitly assumes that internationalization is a linear upward phenomenon towards continuous increasing levels of internationalization.

The rise of stocks of FDI over the 1990s has coincided with a rise in Foreign Direct Divestments (FDD). In the UK the percentage of FDD (as percentage of Gross FDI: net FDI flows plus divestments) has risen from 19 to 40 per cent between 1993 and 1996. In the US this varies between 66 and 14 per cent over the same period (66 in 1983 and 14 in 1992) (UNCTAD, 1998: 143-145). The internationalization of the world's largest 200 core firms shows a more volatile pattern of internationalization. Increases in the internationalization of assets of a MNE in one year are offset with decreases in the next year (Cf. van Tulder *et. al.*, 2001 *forthcoming)*. Many reasons have been cited why MNEs divest part or the whole of their operations in a specific location (Cf. Benito, 1997; Boddewyn, 1985). The search for a better strategic fit between different divisions of MNEs, both fuels di-vestments as well as M&As. For instance, the last wave of global FDD was predicated by a strong growth of M&As in the 1960s and motivated by disappointing (performance) results of (cross-border) M&As. FDD was simply the 'spin off', of corporate *misfits*. In this context, the current wave of cross- border M&As may be signaling future divestment strategies by MNEs.

Table 3 in the appendix lists some of the features of the distinguished *forms and directions of internationalization* discussed in section 2 of this paper.

3. Developing a framework of internationalization

While the concepts of traditional and emerging internationalization have a *vertical* direction, in reference to their upward and downward direction in terms of different levels of development, competitive internationalization is *horizontal* and is attributable to both developed and developing countries. So both developed and developing countries are engaged in two process of internationalization. However, as regard to competitive internationalization the following applies. The maturing of intra-regional investment within the EU has initiated inter-regionalization processes between the EU and US (Transatlantic internationalization). While most developing countries also internationalize within their own region, inter-regionalization processes are (still) very limited. From a more evolutionary perspective one could state that most developed countries are in stage two of competitive internationalization, while developing countries are in stage one. This observation is consistent with the theory of the investment-development path in which countries initially internationalize towards 'psychic' similar countries (Cf. Narula, 1996). Two stages of competitive internationalization are identified, leading to the following framework:

Phase I: which is predominantly intra-regional;

Phase II: which is both intra-regional as inter (or extra) regional.

Table 3 Possible evolutionary Framework of Internationalization

	Developed countries	**Developing countries**
Vertical FDI	Traditional or classical internationalization (downward)	Emerging internationalization (upward)
Horizontal FDI	Comp.Internat. Phase II (intra + inter regionalization)	Comp.Internat. Phase I (intra-regionalization)

Conclusion

By analyzing the international investment strategies of MNEs through FDI four directions and forms of internationalization have been qualified: *classical, competitive, emerging and de-internationalization.* De-internationalization is identified as an incremental part of internationalization. It hinders globalization from being predetermined in its direction and contests its irreversibility, as often put forth in static one end 'models' of globalization. The other three forms and directions of internationalization hinder globalization from being one-dimensional and contribute to its complex quantitative and qualitative nature.

Most salient is the growth of competitive internationalization over the last decade. Competitive internationalization, between and among countries with similar levels of development, has been qualified as comprising two phases: *intra-regionalization (phase I) and inter-regionalization (phase II).* While phase, one occurs among both developed (intra-EU) as developing countries (especially among emerging markets), phase two is only just emerging and best visible between the EU and the US (Transatlantic FDI). Further internationalization or globalization of the world economy largely depends on the role of core regional actors as 'engines' behind further expansion. The underlying rationale behind this argument is that regionalization is a stepping-stone towards further internationalization or even globalization. The maturing of intra-regionalization within the EU has led to some countries looking beyond the confines of the EU. This paper has in particular identified that MNEs form the US, UK, France, Germany and The Netherlands act as *regional drivers* behind both intra-regionalization as well as inter-regionalization (Transatlantic in nature). In this process, increasingly cross-border M&As are preferred as a mode of entry.

As regard to developing countries' FDI, which shows a very high intra-regional concentration, however, inter-regional FDI may be 'picking up' as Asian investments in Africa have grown recently (Fujita, 1997). From a more development perspective, the high concentration of FDI among developing countries implies that they will increasingly be dependent upon a heterogeneous group of other developing countries for their overall economic prosperity.

Competitive internationalization has a strong regional connotation; this in particular contributes to its competitive nature. The prevalent questions as regard to *globalization 'yes or no'* or whether globalization implies regionalization, internationalization or triadization, should be rephrased in terms of what are the trends and dynamics shaping it to its current status. This paper has also showed that the bulk of European and US MNEs' operations take place in two regions: the home region and Europe or the US. Therefore, dyadization may be a better term then triadization. The framework of internationalization developed in this paper is above all instrumental in identifying these simultaneous trends and emphasizing the structure of globalization. In this context, current globalization is better defined as a simultaneous process of several dynamic trends, which shape the world economy. The qualitative dimension of these trends is shaped by the internationalization strategies of MNEs. For the multinational enterprise, this implies that sometimes several strategies are followed simultaneously. Royal Ahold's recent divestments in South-East Asia, its acquisitions in the US domestic market and expansion in South America are a combination of de-internationalization, competitive internationalization (through inter-regionalism) and classical internationalization.

The outcome of these processes on the eventual institutional setting and firm strategy, only scarcely touched upon in this paper, remains highly uncertain and speculative at this stage. In essence, the framework of internationalization introduced in this paper urges researchers to reconsider theories on international business and firm strategy.

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Appendix

Table 1: FDI outward stock, by home region/country and share of total, 1980-1998 (millions of dollars and per cent)

Home region/country	1980		1985		1990		1995		1 998	
	Value	Share	Value	Share	Value	Share	Value	Share	Value	Share
World	**513 105**	**100.0**	**685 753**	**100,0%**	**1714 147**	**100,0%**	**2840 216**	**100.0**	**4117 144**	**100.0**
Developed countries	**499 708**	**97,4%**	**657 632**	**95,9%**	**1640 720**	**95,7%**	**2598 620**	**91,5%**	**3714 890**	**90,2%**
Western Europe	**227 522**	**44,3%**	**301 783**	**44,0%**	**868 318**	**50,7%**	**1461 655**	**51,5%**	**2165 840**	**52,6%**
European Union	**205 417**	**40,0%**	**279 288**	**40,7%**	**791 625**	**46,2%**	**1295 941**	**45,6%**	**1955 783**	**47,5%**
Austria	530	0,1%	1 908	0,3%	4 273	0,2%	11 702	0,4%	16 808	0,4%
Belgium and Luxembourg	6 037	1,2%	9 551	1,4%	40 636	2,4%	88 526	3,1%	128 799	3,1%
Denmark	2 065	0,4%	1 801	0,3%	7 342	0,4%	22 581	0,8%	35 821	0,9%
Finland	743	0,1%	1 829	0,3%	11 227	0,7%	14 993	0,5%	32 810	0,8%
France	17 985	3,5%	31 458	4,6%	110 126	6,4%	184 380	6,5%	242 347	5,9%
Germany	43 127	8,4%	59 909	8,7%	151 581	8,8%	268 419	9,5%	390 090	9,5%
Greece	..	..	..		853	0,0%	865	0,0%	851	0,0%
Ireland	..	..	202	0,0%	2 150	0,1%	4 037	0,1%	6 477	0,2%
Italy	7 319	1,4%	14 514	2,1%	56 105	3,3%	97 043	3,4%	170 746	4,1%
Netherlands	42 116	8,2%	44 772	6,5%	109 092	6,4%	179 826	6,3%	262 996	6,4%
Portugal	116	0,0%	187	0,0%	504	0,0%	2 524	0,1%	7 534	0,2%
Spain	1 226	0,2%	2 076	0,3%	15 652	0,9%	36 530	1,3%	68 392	1,7%
Sweden	3 721	0,7%	10 768	1,6%	49 491	2,9%	73 143	2,6%	93 487	2,3%
United Kingdom	80 434	15,7%	100 313	14,6%	232 593	13,6%	311 372	11,0%	498 624	12,1%
Other Western Europe	**22 105**	**4,3%**	**22 495**	**3,3%**	**76 693**	**4,5%**	**165 715**	**5,8%**	**210 057**	**5,1%**
Switzerland	21 491	4,2%	21 350	3,1%	65 731	3,8%	143 019	5,0%	176 677	4,3%
North America	**243 955**	**47,5%**	**294 161**	**42,9%**	**520 048**	**30,3%**	**816 389**	**28,7%**	**1150 152**	**27,9%**
Canada	23 777	4,6%	43 127	6,3%	84 829	4,9%	120 297	4,2%	156 600	3,8%
United States	220 178	42,9%	251 034	36,6%	435 219	25,4%	696 092	24,5%	993 552	24,1%
Other developed Countries	**28 232**	**5,5%**	**61 688**	**9,0%**	**252 354**	**14,7%**	**320 576**	**11,3%**	**398 898**	**9,7%**
Japan	19 610	3,8%	43 970	6,4%	201 440	11,8%	238 452	8,4%	296 056	7,2%
South Africa	5 722	1,1%	8 963	1,3%	15 010	0,9%	23 326	0,8%	28 992	0,7%
Developing countries	**13 392**	**2,6%**	**28 096**	**4,1%**	**73 069**	**4,3%**	**236 596**	**8,3%**	**390 911**	**9,5%**
Africa	**531**	**0,1%**	**6 365**	**0,9%**	**11 855**	**0,7%**	**14 573**	**0,5%**	**16 409**	**0,4%**
North Africa	**299**	**0,1%**	**448**	**0,1%**	**865**	**0,1%**	**1 239**	**0,0%**	**1 532**	**0,0%**
Other Africa	**232**	**0,0%**	**5 917**	**0,9%**	**10 990**	**0,6%**	**13 334**	**0,5%**	**14 877**	**0,4%**
Latin America and the Caribbean	**2 954**	**0,6%**	**7 268**	**1,1%**	**12 716**	**0,7%**	**27 911**	**1,0%**	**56 238**	**1,4%**
South America	**972**	**0,2%**	**2 310**	**0,3%**	**4 759**	**0,3%**	**15 389**	**0,5%**	**35 921**	**0,9%**
Argentina [ac]	70	0,0%	280	0,0%	420	0,0%	2 870	0,1%	9 573	0,2%
Brazil	652	0,1%	1 361	0,2%	2 397	0,1%	5 050	0,2%	9 839	0,2%
Other Latin America & Carib.	**1 982**	**0,4%**	**4 958**	**0,7%**	**7 957**	**0,5%**	**12 522**	**0,4%**	**20 317**	**0,5%**
Mexico	136	0,0%	533	0,1%	575	0,0%	4 132	0,1%	5 825	0,1%
Developing Europe	**-**	**..**	**-**	**..**	**258**	**0,0%**	**984**	**0,0%**	**1 354**	**0,0%**
Asia	**9 894**	**1,9%**	**14 426**	**2,1%**	**48 147**	**2,8%**	**192 990**	**6,8%**	**316 724**	**7,7%**
West Asia	**826**	**0,2%**	**1 489**	**0,2%**	**5 630**	**0,3%**	**4 990**	**0,2%**	**10 966**	**0,3%**
Central Asia	**-**	**..**	**-**	**..**	**-**	**..**	**-**	**..**	**-**	**..**
South, East and South-East Asia	**9 068**	**1,8%**	**12 937**	**1,9%**	**42 518**	**2,5%**	**188 000**	**6,6%**	**305 759**	**7,4%**
The Pacific	**13**	**0,0%**	**37**	**0,01%**	**94**	**0,01%**	**138**	**0,00%**	**185**	**0,00%**
Central and Eastern Europe										

Source: UNCTAD FDI/TNC Database

Table 2: FDI inward stock, by home region/country and share of total, 1980-1998 (millions of dollars and per cent)

Host region/country	1980		1985		1990		1995		1 998	
	Value	Share	Value	Share	Value	Share	Value	Share	Value	Share
World	**506 602**	**100.0**	**782 298**	**100,0%**	**1768 456**	**100,0%**	**2789 585**	**100.0**	**4088 068**	**100.0**
Developed countries	**373 658**	**73,8%**	**545 060**	**69,7%**	**1394 853**	**78,9%**	**1982 346**	**71,1%**	**2785 449**	**68,1%**
Western Europe	**200 410**	**39,6%**	**253 824**	**32,4%**	**784 371**	**44,4%**	**1144 001**	**41,0%**	**1571 427**	**38,4%**
European Union	**185 336**	**36,6%**	**236 228**	**30,2%**	**737 932**	**41,7%**	**1066 934**	**38,2%**	**1486 237**	**36,4%**
Austria	3 163	0,6%	3 762	0,5%	9 884	0,6%	17 532	0,6%	25 386	0,6%
Belgium and Luxembourg	7 306	1,4%	18 447	2,4%	58 388	3,3%	116 692	4,2%	164 093	4,0%
Denmark	4 193	0,8%	3 613	0,5%	9 192	0,5%	21 976	0,8%	31 762	0,8%
Finland	540	0,1%	1 339	0,2%	5 132	0,3%	8 465	0,3%	15 523	0,4%
France	22 862	4,5%	33 636	4,3%	86 508	4,9%	143 670	5,2%	179 186	4,4%
Germany	36 630	7,2%	36 926	4,7%	111 232	6,3%	165 914	5,9%	228 794	5,6%
Greece	4 524	0,9%	8 309	1,1%	14 016	0,8%	19 306	0,7%	22 048	0,5%
Ireland	3 749	0,7%	4 649	0,6%	5 502	0,3%	11 706	0,4%	23 871	0,6%
Italy	8 892	1,8%	18 976	2,4%	57 985	3,3%	63 456	2,3%	105 397	2,6%
Netherlands	19 167	3,8%	25 071	3,2%	73 567	4,2%	123 896	4,4%	169 522	4,1%
Portugal	2 530	0,5%	3 463	0,4%	9 436	0,5%	17 246	0,6%	21 130	0,5%
Spain	5 141	1,0%	8 939	1,1%	65 916	3,7%	112 136	4,0%	118 926	2,9%
Sweden	3 626	0,7%	5 071	0,6%	12 461	0,7%	31 089	1,1%	53 790	1,3%
United Kingdom	63 014	12,4%	64 028	8,2%	218 713	12,4%	213 850	7,7%	326 809	8,0%
Other Western Europe	**15 074**	**3,0%**	**17 597**	**2,2%**	**46 438**	**2,6%**	**77 067**	**2,8%**	**85 190**	**2,1%**
Switzerland	8 506	1,7%	10 058	1,3%	33 693	1,9%	57 063	2,0%	60 096	1,5%
North America	**137 195**	**27,1%**	**249 249**	**31,9%**	**507 783**	**28,7%**	**658 888**	**23,6%**	**1016 798**	**24,9%**
Canada	54 149	10,7%	64 634	8,3%	112 872	6,4%	123 335	4,4%	141 772	3,5%
United States	83 046	16,4%	184 615	23,6%	394 911	22,3%	535 553	19,2%	875 026	21,4%
Other developed countries	**36 053**	**7,1%**	**41 987**	**5,4%**	**102 699**	**5,8%**	**179 457**	**6,4%**	**197 224**	**4,8%**
Japan	3 270	0,6%	4 740	0,6%	9 850	0,6%	33 531	1,2%	30 272	0,7%
South Africa	16 519	3,3%	9 024	1,2%	9 198	0,5%	14 875	0,5%	18 716	0,5%
Developing countries	**132 945**	**26,2%**	**237 239**	**30,3%**	**370 644**	**21,0%**	**769 262**	**27,6%**	**1219 271**	**29,8%**
Africa	**13 781**	**2,7%**	**23 431**	**3,0%**	**37 625**	**2,1%**	**54 949**	**2,0%**	**75 278**	**1,8%**
North Africa	**4 547**	**0,9%**	**9 273**	**1,2%**	**15 457**	**0,9%**	**22 445**	**0,8%**	**29 652**	**0,7%**
Other Africa	**9 234**	**1,8%**	**14 159**	**1,8%**	**22 168**	**1,3%**	**32 504**	**1,2%**	**45 626**	**1,1%**
Latin America and the Caribbean	**47 694**	**9,4%**	**76 810**	**9,8%**	**114 090**	**6,5%**	**255 025**	**9,1%**	**415 614**	**10,2%**
South America	**29 224**	**5,8%**	**42 088**	**5,4%**	**66 191**	**3,7%**	**167 894**	**6,0%**	**285 058**	**7,0%**
Argentina	5 344	1,1%	6 563	0,8%	7 443	0,4%	27 734	1,0%	45 466	1,1%
Brazil	17 480	3,5%	25 665	3,3%	37 143	2,1%	98 839	3,5%	156 798	3,8%
Other Latin America & Carib.	**18 470**	**3,6%**	**34 721**	**4,4%**	**47 899**	**2,7%**	**87 131**	**3,1%**	**130 556**	**3,2%**
Mexico	8 105	1,6%	18 802	2,4%	22 424	1,3%	41 130	1,5%	60 783	1,5%
Developing Europe	**297**	**0,1%**	**465**	**0,1%**	**1 131**	**0,1%**	**3 214**	**0,1%**	**6 461**	**0,2%**
Asia	**70 005**	**13,8%**	**135 361**	**17,3%**	**214 002**	**12,1%**	**451 251**	**16,2%**	**716 596**	**17,5%**
West Asia	**..**		**26 713**	**3,4%**	**29 432**	**1,7%**	**38 017**	**1,4%**	**47 856**	**1,2%**
Central Asia	**-**		**-**		**10**	**0,0%**	**3 876**	**0,1%**	**11 948**	**0,3%**
South, East and South-East Asia	**73 174**	**14,4%**	**108 648**	**13,9%**	**184 560**	**10,4%**	**409 358**	**14,7%**	**656 792**	**16,1%**
The Pacific	**1 167**	**0,2%**	**1 171**	**0,1%**	**3 796**	**0,2%**	**4 822**	**0,2%**	**5 323**	**0,1%**
Central and Eastern Europe	**-**		**-**		**2 959**	**0,2%**	**37 977**	**1,4%**	**83 348**	**2,0%**

Source: UNCTAD FDI/TNC Database

Table 3. Different forms of internationalization and its features: an overview

	Traditional	**Competitive**	**Emerging**	**De-internationalization**
Direction	From developed to developing countries	Between and within regions /countries sharing similar location conditions (inter- and intra-regional)	From developing (emerging markets or transition economies) towards developed countries.	From host country back to the country of origin of the MNE.
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.	In the US and UK. Related to competitive markets.
Examples (at micro level)	Traditional MNEs Shell, Ford, GM.	Daimler Chrysler and BP Amoco	Daewoo, PDVSA	BMW and Rover. Ahold in Asia
Dominant period	Postwar period till mid 1980s	1990s………	1990s, but fragile (see Asian crisis).	1980s and 2010?
Magnitude	Stabilizing	Rising	Rising with slight drawback	Embedded in internationalization process
Drivers	OECD MNEs. First MNEs (colonial heritage)	Both OECD (services) and emerging market MNEs "Established conventional MNEs"	Emerging market and transition economies MNEs. "Beginners" MNEs in a nascent stage of internationalization	All MNEs, although OECD MNEs prevail. "Established MNEs (as "beginners").
Strategy	Defensive	Offensive and aggressive	Defensive	Retreat
Main Form	Greenfield	M&As	Greenfield	Buy out
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.	Restructuring, decreasing demand, crisis, over investment and mismanagement
Organizational structure of MNE	Multi domestic	Complex integration strategies and networks	Simple and multi domestic/stand alone	………..

[1] The Transnationality index (TNi) is calculated as the average of three ratios: (1) foreign assets/total assets (FA/TA), (2) foreign sales/total sales (FS/TS, (3) foreign employment/total employment (FE/TE).
[2] Some scholars have, with reference to a former historical period, written about "re-energizing the transatlantic connection" (Dunning, 1998). The Transatlantic Business Dialogue (TABD) is another reflection of the TNC dominated transatlantic link (Cf. Vernon, 1998).
[3] See also Buckley and Clegg (1998) on Atlantic foreign direct investment (AFDI).
[4] Research at the Wharton School, on the impact of foreign MNEs on the US economy, has recently demonstrated that the UK continues to dominate the list of top companies in terms of sales, employment and affiliates in the US. After which Japan and Germany play a major role. However, Japan's jump to replace Germany from second place is mostly attributable to Honda's "Strategy for the America's" (Gittelman *et. al*., 2000: 3).
[5] Dunning (1958) marked the beginning of examining transatlantic expansion from the UK perspective, while Vernon in his HMEP project started analyzing the US perspective. Both have given rise to two broad schools of thought on international business: the so-called Reading school and Harvard Business School.
[6] This was one of the motivations behind the closing of the Rover factory by BMW earlier this year. Others were declining profitability and inefficiency due to the aging of the Rover factory.
[7] In this context Fujita (1990) has emphasized that developing country FDI shows much higher degrees of concentration than developed FDI.
[8] As exemplified by the "Third wave of FDI from developing countries" led by Latin American MNEs (Chudnovsky, 1999). As the rise of FDI from developing countries is a topic on it's own, it goes beyond the scope of this paper to further elaborate on this topic. For an excellent overview of the literature see Yeung, (2000).
[9] Since 1999 UNCTAD has also published a classification of Top 25 TNCs from transition economies (UNCTAD, 1999: 89-94).