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BOOK REVIEWS

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BOOK REVIEWS

World Investment Report 2003 FDI Policies for Development: National and International Perspectives

United Nations Conference on Trade and Development (UNCTAD)
(New York and Geneva: United Nations, 2003), xix+303 pages

This widely acclaimed annual series is the most authoritative source of information on trends in foreign direct investment (FDI) flows, on merger and acquisition activities and on the scale and scope of transnational corporations (TNCs). It is also an essential research tool for government officials, foreign investors, international financial institutions, journalists, academics and others interested in FDI.

The *World Investment Report 2003 (WIR03)* is divided in two parts. The first offers data and analysis on FDI flows. The second part, as indicated by its subtitle, is devoted to FDI policies for development.

FDI flows declined by 20% in 2002. According to the *Report*, the impact of this downturn was uneven. Among developing countries, the worst hit region was Latin America and the Caribbean. In Africa, after some adjustments, there was no significant decline. In Asia the decline was small, but this was largely due to a record inflow of $53 billion into China. It is likely that, in the near future, FDI will bounce back, fuelled by a recovery of economic growth, an increase in corporate profitability and a revival of merger and acquisition activities. What is uncertain, however, is whether FDI will continue to gravitate around a handful of successful economies in the developed and developing world, or whether it will spread to countries that, so far, have been unable to attract it. The revival of global FDI will inevitably raise two questions that have a long pedigree among development practitioners: what should countries do to attract FDI and how should they ensure that FDI contributes to economic development?

Although it is generally accepted that individual countries do not control all the factors that drive the growth and location of FDI, there is much that governments can do to enhance the prospects of attracting it. Governments in the developing world are fully aware of this fact. As *WIR03* shows, despite the decline of FDI in 2002, investment liberalization has continued at a vigorous pace. A survey of 70 countries shows that nearly all of their 248 regulatory changes in investment regimes were designed to increase and facilitate FDI inflows. Developing countries thus seem to recognize that a sound institutional framework is necessary for attracting investment.

What is less certain, however, is whether governments in the developing world can successfully achieve the right policy mix so that FDI inflows make an effective contribution to national development objectives. Thus, the decision of the editors of this *Report* to devote the second Part of this work to FDI policies for development is wise and timely. Unfortunately, the focus of the materials in this Part is not as comprehensive as suggested by the *Report*'s subtitle. Within this framework, the stated objective is to understand development related issues that countries should take into account when they negotiate international investment agreements (IIAs). Thus, instead of a substantive discussion of development strategies and FDI, this Part is mainly devoted to a technical analysis of IIAs – a term that includes bilateral investment treaties, plurilateral investment agreements contained in various regional trading agreements, such as the North American Free Trade Agreement (NAFTA) and the Southern Common Market (MERCOSUR), and the network of double taxation agreements.

WIR03 identifies eight key issues in the negotiation of IIAs: definition of investment, national treatment requirement, rules on nationalization and expropriation, dispute settlement procedures, performance requirement provisions, investment incentives, technology transfer and competition policy. These areas are rightly identified as critical since the capacity of countries to attract FDI is generally measured by their willingness to make credible concessions that will enhance the legal, political and economic security of foreign investors. Thus, for example, countries are generally expected to sign up to agreements that contain broad definitions of investment and strict rules on expropriation or measures tantamount to expropriation. They are also expected to remove foreign investment disputes from the jurisdiction of local courts. The *Report*, though not hostile to investment liberalization, suggests that when developing countries negotiate investment agreements they should ensure that concessions made in any of these eight policy areas are in tune with national development strategies. In other words, they must ensure that their foreign investment policies are closely linked to their development objectives.

It is difficult to disagree with the proposition that FDI policies should have a development-orientated approach and that, ultimately, a balance should be struck between the concessions countries make in the area of FDI and national development policies. It is also difficult to disagree with the argument for development friendly solutions. Yet, *WIR03* does not address the crucially important question: what is a development friendly solution? It could well be argued that an answer to this question is found in the prevailing economic policy paradigm, as embodied in the so-called Washington consensus. Yet, if this is the case, then advice to governments should be that they subordinate national development priorities to the priorities of foreign investors, as otherwise they would be erecting undesirable barriers to the process of investment liberalization. Under the Washington consensus paradigm the way to achieve positive development outcomes is through full and unimpeded liberalization.

The authors of the *Report* do not appear to share such optimistic views about the virtues of unchecked liberalization. They are especially concerned that, in many areas of policy, IIAs seem unduly to restrict government choices. Thus, *WIR03* advises developing countries to find a balance between liberal FDI policies and their national development objectives. But calling for a balance is far too vague to be helpful. How, in the absence of a substantive set of development objectives, can governments find this balance? How does the balance metaphor help government officials, who are under constant and intense pressure to accept ever more comprehensive commitments that restrain their policy-making capacity not only in the area of investment, but in virtually every policy area that has a bearing on international economic relations?

Despite minor technical differences – all superbly identified and analysed in *WIR03* – investment agreements are remarkably similar. As a consequence, the scope that countries have to negotiate "development friendly" agreements is indeed limited. This is reflected in the modest and somewhat disappointing recommendations that the *Report* offers to those involved in the negotiation of IIAs. In the area of services, for example, *WIR03* suggests that countries should liberalize slowly, adopting the cautious positive list approach of the General Agreement on Trade in Services rather than the wider, or negative list, approach found in some regional trade agreements where parties are required to identify the specific sectors that they are not liberalizing. In the area of performance requirements, *WIR03* suggests that developing countries should be given more scope to decide for themselves the costs and benefits of liberalization.

The authors of the *Report* are rightly concerned that IIAs restrict the scope for policy-making at the national level. This is why they are keen to ensure these agreements do not restrict the capacity of governments for independent policy development. Yet, it is not self-evident that having more space available for policy-making is necessarily a good thing. The important question is whether and how, under the prevailing development paradigm, national priorities can be successfully linked to FDI.

The *Report*'s excellent analysis of IIAs demonstrates, paradoxically, that tinkering with the clauses in IIAs will not resolve the strategic question as to how FDI can further development objectives. Yet, this Part of *WIR03* also shows the importance of understanding the architecture and content of IIAs. IIAs can and do have a major impact on policy. This is the case, for example, of the so-called “regulatory takings”. These are legislative or administrative decisions that may be deemed to be inconsistent with commitments undertaken by governments under IIAs. In the past, these measures were known as “creeping expropriation”; that is, measures that ostensibly seek a public policy objective, but which, according to TNCs, have the effect of depriving foreign investors of their property. In recent years, this issue has become a matter of serious concern among NAFTA countries. TNCs based in the United States and Canada have invoked the investment provisions of the NAFTA Agreement to challenge a wide range of government regulations including some that are only remotely connected to investment. The irony of this development is that while these international investment rules were meant to restrain Mexico, foreign investors have instead used them mainly to target decisions by the Governments of the United States and Canada.

The tendency of foreign investors to make claims under investment agreements that have the effect of restricting national policy choices has brought into sharp focus the nature and adequacy of dispute resolution mechanisms. Under most investment agreements, the decision as to whether a specific government measure constitutes creeping expropriation or a regulatory taking is entrusted to arbitrators who are experts in international commercial law and with generally little knowledge of local political and legal issues. This raises the question as to whether dispute resolution mechanisms in IIAs can ever become “development friendly”. Thus, not surprisingly, some have floated the idea of setting up an appeals procedure, modelled on the Appellate Body of the World Trade Organization, in order to ensure not only consistency in the interpretation of IIAs, but also to ensure that public policy considerations are duly taken into account.

Recent practice under IIAs has also exposed the fragile legal foundations of the current process of economic globalization. Those who are not familiar with the intricacies of international law will be surprised to learn that, despite the intensity of the current process of globalization, the meaning of such fundamental concepts as international law and customary international law is highly disputed and nebulous. Here again, the experience of NAFTA is revealing. In an attempt to contain the flood of complaints brought by TNCs, the NAFTA governments were forced to issue an interpretation of some key concepts contained in NAFTA's investment chapter. This interpretation restricts the scope of customary international law. It also states that the minimum standard of treatment guaranteed by NAFTA does not protect foreign investors from breaches of NAFTA provisions that are unrelated to investment, or from the breach of provisions in other international treaties binding on NAFTA parties. This interpretation undoubtedly has the effect of enhancing the policy-making space of national governments. On the other hand, it is also an implicit rejection of the much flaunted notion that globalization forges broad and unavoidable linkages.

The study of IIAs shows that national governments confront numerous constraints in the formulation of national policies for development. The materials in the second part of *WIR03* make a useful contribution towards understanding the nature and extent of these constraints. Yet, much work remains to be done. I hope UNCTAD and the team that produces the *World Investment Report* continue to take seriously this important dimension of foreign investment policy.

Julio Faundez
Professor of Law
University of Warwick
Coventry, United Kingdom

The Future of the Multinational Company

Edited by Julian Birkinshaw, Sumantra Ghoshal, Constantinos Markides, John Stopford and George Yip
(Chichester: Wiley, 2003), 282 pages

Like most books about the future, this book is also very much about the past and the present as it sets out to present a microcosm of the global economy and its key player, the transnational corporation (TNC). It is probably helpful to know that that book initially came into being as a *Festschrift* for John Stopford. Since a *Festschrift* is generally intended for a small, if devoted, readership, the editors have made substantial efforts to broaden the appeal of the book beyond this group. The chapters are stripped of excessive weight by containing few, if any, references, and they are aimed at an informed generalist readership. In some cases the required transformation has resulted in a somewhat simplified version of an academic paper, but in most cases the transition is quite successful and the resulting chapters are very readable and thought-provoking. Given the number of chapters, 18 in total, and the origins of the book as a *Festschrift*, it is probably not reasonable to expect an overarching chapter that would join together all the contributions. While there is indeed no such integrative chapter, there is an attempt to divide the book into three themed sections, following the titles of three of the most influential books by Stopford: *Rival States, Rival Firms*; *Managing the Multinational Enterprise*; and *Rejuvenating the Mature Business*.

At the beginning of Section One, Louis Turner reminds us that, while TNCs are increasingly political animals, they are not so ferocious that they could not be held in check by competent governments. In the following chapter, John Dunning echoes the sentiment that business should not be left to regulate itself, but he calls for more attention to be paid to the moral underpinnings of capitalism, not just at the national but also at the individual level. This is followed by Örjan Sölvell, who presents the most lucid and de-mystified account of the connection between modern knowledge-intensive TNCs and their location choices that one is likely to encounter anywhere. Finally, in chapter four, Alan Rugman and Alain Verbeke deliver their by now familiar argument that the world's largest TNCs are in fact regional rather than transnational, whether measured in terms of their sales, assets or employment abroad.

In Section Two, eight chapters tackle the structural issues within TNCs and the global-local dilemma. The trio of chapters by Lawrence Franko (chapter eight), Julian Birkinshaw and Siri Terjesen (chapter nine) and Eleanor Westney (chapter ten) are particularly enjoyable as they all deal with the structural transformation of some of the transnational *causes célèbres,* such as ABB, IBM and Hewlett-Packard, and their eventual retreat away from global matrixes towards simpler forms. These chapters are very provocative in posing the question of the extent to which structure is indeed a design variable. Given the idiosyncrasies of each business sector and the location preferences of global customers, how many degrees of freedom are there left for large TNCs to choose their form? The most recent structural solution involving front-end and back-end divisions solves much of the global-local dilemma, but at the cost of splitting the organization into two or more parts, and once again raising the question of how the organizational boundary should be drawn. If the front-end is where the "rubber hits the road", populated with dedicated teams who respond to the customers' needs and deliver tailored solutions, while the back-end is a mixture of production and logistics with increasing degrees of outsourcing, it is not always obvious why one firm should maintain control of both parts.

Section Three presents another interesting trio of papers by John Stopford and Charles Baden-Fuller (chapter thirteen), Sumantra Ghoshal and Heike Bruch (chapter fourteen) and Peter Williamson (chapter fifteen) on the subject of exploring, prospecting, sensing and identifying new markets and opportunities. All three chapters paint a picture of corporate transformation as a process that relies heavily on the personal leadership of top management. In addition to possessing enthusiasm and projecting an inspiring vision for others to follow, all of these top managers act as entrepreneurs in the market making sense of Mark Casson (2003). Such entrepreneurial talent is a scarce factor, and it is not surprising that even firms that have managed to rejuvenate themselves in the past eventually find it necessary to do so again. It seems that inertia is always just around the corner, and Costas Markides argues, in chapter sixteen, that large TNCs should not even attempt to stay at the leading edge of innovation, but rather counteract the smaller innovators with improvements to their core product or service. Similarly, Williamson argues that since commercialization is what large TNCs are particularly well suited for, they should cultivate new growth opportunities as a portfolio of options, ranging from the idea stage to small scale pilot projects of a new product or service.

In reading through the volume, two themes in particular resonated with me, namely that TNCs face a more complex regulatory, political and social environment and not just increased product market diversity, and that geography matters even if you do not want it to matter. This is partly because of technological change in the global economy over the past few decades, but it is also due to the unique role of the (very) large TNCs in the political economy of their home and host markets.

The *Fortune Global 500*, which include many of the firms discussed in this book, are a curious group of firms. The majority of these giants have their origin (in whole or in part) in the late nineteenth century, and their structural evolution is linked to the historical development of global capitalism, as described by Alfred D. Chandler (1990). These are rather conventional large firms with a heavy reliance on regional sales and production. It is unquestionable that today such firms face acute pressures to develop more customer-oriented organizations. But in contrast to their medium-sized or even smaller transnational brethren, they also have a life force that is at least in part derived from market dominance and cash reserves, at least if they have restrained the urge to overspend on corporate acquisitions. While large TNCs are trying to find their entrepreneurial essence and prospect for new value-added combinations to present to the customer, they are being challenged by "dragon multinationals" (Mathews, 2002) and metanationals, as described in the chapter by Yves Doz, Jose Santos and Peter Williamson (chapter twelve). In spite of having arrived late on the global scene, these new TNCs are able to tap into various resources around the world with great agility.

As the chapter by Dunning shows, many of today's hot-button issues, such as concerns over working conditions in sweatshops, are remarkably similar in comparison to the Victorian era. But there is a key difference: just as the new technologies of transportation, communication and computing have transformed production, they have transformed civil society as well. And it is the size and visibility of the established TNCs that make them most relevant in the discussion concerning political legitimacy, and wider concerns about the consequences of globalization. Large TNCs may well find that, unlike many product markets, legitimacy is local, and geography matters when it comes, for example, to decisions on whose standards should apply.

In his concluding remarks, Stopford notes that "senior managers in multinationals will become part of the new diplomacy" and that "governance issues are moving center stage, both inside the firm and between firms and society" (p. 241). The personal example of leadership and self-reliance of top management may well inspire the organization to rejuvenate itself, but moral leadership is also required to acquire legitimacy and to fulfill the expanded political role of TNCs in the global economy. While research is just beginning to come to grips with the new role of TNCs in issues such as the setting and upholding of environmental standards in the global economy (e.g. Lundan, 2004), managers are not necessarily very keen on this challenge, and business schools have done little so far to prepare them for their new role.

Even readers who are reasonably familiar with the international business literature will have many discoveries in this book, and I particularly welcome the opportunity given to the authors to express some broader thoughts on the evolution of the global economy. To the non-specialist reader, the book offers a wealth of useful information in a concise manner, and I can see it being used very successfully as a primer for discussions in executive education programmes, for instance. This book is a commendable use of the occasion of a *Festschrift* to present an interesting collection of writings that is relevant to academics but also to a much wider audience.

Sarianna Lundan
University of Maastricht
Maastricht, the Netherlands

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International Business

Oded Shenkar and Yadong Luo
(New York, John Wiley & Sons, 2004), 748 pages +
GeoDiscoveries CD-ROM

Have you asked yourself why two distinguished, tenured, professors enter the saturated market of textbooks of international business? If you visited an on-line bookshop (let us say a generalist such as amazon.com), you would immediately find more than 40 competitors of Shenkar and Luo's *International Business*. Why did they accept the high risk of failure?

For those who are following the latest research in international business, the names of Oded Shenkar and Yadong Luo should be familiar. They are prolific not just in terms of quantity, but, more importantly, in terms of quality of output. They share the passion for trying to understand emerging trends in the global economy and are renowned for their edge-cutting research, especially in explaining the Chinese foreign direct investment (FDI) magnet. It comes as no surprise, therefore, that the materials covered in this volume are reassuringly up to date.

The authors did not compromise on presentation and other details. The book is simply pleasant to look at and the referencing/sourcing is perfect (although the indexing might be further improved). The book is accompanied by standard tutorial tools and a GeoDiscoveries CD-ROM. The latter, an experimental tool, can surely be improved further in later editions. But it is original and offers a host of information, especially for students in the United States, who are usually less familiar with the global economic geography.

The textbook is divided into six parts and comprises 19 chapters. In the introductory chapter ("International Business in the Age of Globalization"), the authors introduce basic concepts, such as globalization and international business in a straightforward and elegant manner. It is only after that introduction that they move on to Part One, which is also entitled "Concepts and Theories in International Business". The difference with the introductory chapter is that Part One explores a wide range of concepts in more detail. The authors evaluate these concepts one by one; the "International Trade Theory and Application", "Foreign Direct Investment—Theory and Application" and "The Multinational Enterprise". As for the theory of FDI, they quite rightly start off with the question of what benefits can be derived from it. They echo, on page 60, the main message of *World Investment Report 2001* (UNCTAD, 2001), which recognized the primary importance of the linkages of foreign affiliates with local enterprises and organizations. Within that framework, it is supplier links ("backward linkages") that matter most. This is a small scientific revolution, deviating from the customary treatment of the development impact of FDI, which focuses on horizontal spillovers.

In Part Two, three topics are grouped together into the generic title of "Endowment and Environments of International Business": country competitiveness, the cultural environment and the political and legal environment. The authors take the position that the concept of "country competitiveness" is meaningful and important, contrary to the view expressed in, for example, Paul Krugman (1994). In chapter 5, on page 129, the authors produce a chart based on Michael E. Porter's concept of *The Competitive Advantage of Nations* (Porter, 1990) which traces back country competitiveness to productivity, and differentiates between individual-level, firm-level, industry-level and country-level determinants (with mutual linkages hypothesized between the various determinants).

In chapter 6, the authors go well beyond the stereotypes used on the basis of a reductionist and overmathematized treatment of Geert Hofstede's cultural classification (Hofstede, 1980). One can only agree with the authors' observation that culture is far from being linear and unidimensional. The masterly treatment of the topic and the focus of the GeoDiscoveries CD ROM are testimony to the fact that one of the authors of the textbook, Shenkar, is one of the finest analysts of the issue (see Shenkar, 2001).

Chapter 7 contains a fairly general discussion on "The Political and Legal Environment". That text, however, falls short of a discussion of the intricacies of general and specific FDI promotion policies. It would perhaps be useful in future editions to divide and further substantiate them.

Part Three is devoted to analysis of "Global Markets and Institutions" in great detail. "International Economic Integration and Institutions" and "The International Monetary System and the Financial Markets" are examined in separate chapters. It would have been more interesting if the discussions had included the compatibility (or otherwise) of international agreements and institutions with national policies.[1] The authors could have asked the question: to what degree do international agreements and institutions enhance or hinder the effectiveness of national policies directed towards maximizing the benefits and minimizing the eventual negative impact of FDI? But, instead, they decided to devote most of Part Three to a general discussion of global institutions without specifically focusing on investment agreements and their links to domestic policies. In future editions, they might re-consider this approach.

From Part Four onwards (with the exception of the last chapter), the book focuses on various aspects of business strategies. They start this long journey from the issues of establishment abroad ("International Entry Strategies") in chapter 10. A key decision for firms expanding overseas is their selection of the strategy between FDI and non-FDI modes. Within the former, the main question is how they should choose, whenever they are feasible, between the greenfield mode and the merger and acquisition mode. Indeed, one may have expected

[1] Additionally, the textbook reproduces, in an annex, *The OECD Guidelines for Multinational Enterprises* (2000), jointly addressed to governments and TNCs. It is another material that would call for a stronger link with the analysis of national FDI policies.

a longer analysis of the latter question, the pros and cons of the two options, given the pre-eminence of the issue in the current downturn of global FDI flows.

In chapter 11, the analysis continues with the organization of global operations. This is a very interesting discussion in the light of the ongoing debate on global versus regional versus local strategies. The authors remain very pragmatic and empirical. They study concrete corporate structures of large TNCs, such as Nestlé, Ford and Dow Chemical, highlighting the importance of (global and regional) headquarters in shaping the corporate structure. What the reader may perhaps miss is a head-on polemics with some of the great debate-provokers, such as Alan M. Rugman (2000), who argues that almost all corporate strategies are regional, and hence globalization has never existed.[2] Chapter 12 is entitled "Building and Managing Global Strategic Alliances (GSAs)". It is an extension of the discussion on modes of entry (chapter 10), benefiting from the authors' expert insights in the area of joint ventures and partnering. Chapter 13 deals with "Managing Global Research and Development (R&D)". It contains an obligatory box on "R&D centers of global companies in India" (p. 340). What comes out from this exploration of new trends is the gradual offshoring of this functional area, which traditionally used to be heavily concentrated in corporate headquarters. What could perhaps be added is the offshoring of all business services, in addition and beyond R&D (A.T. Kearney, 2003). This is an increasingly prominent and hotly debated business trend. On the recipient side, there is not only India, but also Brazil, China (even in services), the Czech Republic, Mexico, the Philippines and the Russian Federation, just to mention some of the locations in the developing world and economies in transition emerging as potential magnets.

Part Five focuses on functional areas such as financial

[2] It is an interesting coincidence that Alan M. Rugman, too, is having a new (third) edition of his *International Business* textbook (co-authored with Richard M. Hodgetts) ready for the beginning of 2004 (Rugman and Hodgetts, 2004). So let the competition between textbooks continue!

management (chapter 14), international accounting (chapter 15), marketing and supply chain management (chapter 16) and human resources management (chapter 17), all of which are examined from a global perspective. The authors manage to present this "purely technical" material in a quite attractive manner. For example, they have inserted a discussion on "tax havens" (pp. 405-406) into the chapter on accounting. Under marketing, there is an interesting discussion on global brands versus localization. In human resources management, they create links with their analysis of the impact of cultures and cultural differences.

In Part Six, under the heading of "Emerging Issues in International Business", the authors complete the picture of business strategies with a discussion on the Internet and e-commerce. Probably this topic will not be described as "emerging" for very long as the Internet is becoming a basic tool of business. It also raises the challenge of the "digital divide". Those who hoped that modern communication technologies alone were enough to lift developing countries from poverty would be disappointed. Rather, access versus non-access to these technologies further accentuates the existing difference. Thus, the fight against poverty should also deal with ways of closing the digital divide. It is likely that the topic of the Internet and e-commerce will move not just into the mainstream of international business research but become *the* number one topic.

Complementing the substantive chapters, the book contains 17 case studies in its annex, written by various authors in the field. Although many would find them interesting, these case studies are, unfortunately, very dissimilar in quality and style.

The authors discuss exhaustively almost all subjects related to international business in a manner that is readable and didactic (in the positive sense, for students) at the same time. The only area in which the reader may remain unsatisfied is government policies as mentioned above. The world of policy analysis has evolved fast since the late Raymond Vernon established in 1971 (in *Sovereignty at Bay*; Vernon, 1971) the basic tenets of interdependence between transnational corporations and governments. It is not difficult to foresee that the next edition of this textbook will need to devote a whole part to national FDI policies, including chapters on general policies; specific policies (attracting FDI), especially incentives; and home country measures.

Another area that future editions would require a more detailed treatment (a whole part, perhaps) is the role of civil society ("non-governmental organizations") and corporate social responsibility in shaping business strategy. Social responsibility is moving fast from the margins of business strategy towards its core. As public scrutiny and pressures on business enterprises increase, good corporate citizenship is simply good business; in fact, in various areas it is becoming a *conditio sine qua non*. One segment of corporate social responsibility, *viz*. ethics and corruption, are explored in the last part of the book, under the heading of "Emerging Issues in International Business". It would be more logical to move it to a new section on social responsibility together with other relevant topics.

Overall, this is a very nicely written and presented textbook. It is evident from the choice of topics, however, that it is written by professors teaching in the United States, and mostly for students in the United States. For example, a textbook from Europe would devote more length to the European Union, the accession countries and the implications of enlargement in 2004 in general. It would also avoid some of the errors in the maps on pages 213 and 234 representing wrongly the accession countries. (In defence of the authors, these are maps taken over from elsewhere, and it is the original sources that created the mistake in the first instance.) The reflection of interests mostly prevalent in the United States, however, does not mean that it would be impossible to adapt this textbook to local tastes, for example, by providing additional readings to students.

This book can be recommended to professors and students for adopting as a course text, and practitioners of international business for the refreshing and updating their knowledge. It is likely that this volume will be a best seller, firmly establishing itself in the textbook market.

Kálmán Kalotay
Transnational Corporations Affairs Officer
United National Conference on Trade and Development
Geneva, Switzerland

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JUST PUBLISHED

Доклад о мировых инвестициях: Политика в области ПИИ в целях развития: национальные и международные аспекты

[World Investment Report 2003. FDI Policies for Development: National and International Perspectives]
(ISBN 5-7777-0292-9)(Russian rouble 600)
(Published for, and on behalf of, the United Nations by Ves Mir Publishers, Moscow, Russian Federation)

The Russian version of the *World Investment Report 2003* can be ordered from:

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Investment Policy Review of Sri Lanka
(UNCTAD/ITE/IPC/2003/8)
http://www.unctad.org/en/docs//iteipc20038_en.pdf

Led mostly by the privatization programme started in the 1990s, FDI into Sri Lanka is on the rise. This report considers the improvements and reforms needed for private investment to accelerate and FDI inflows to expand markedly. Sri Lanka has the potential to regain its past glory when its economic performance (in 1965) had even surpassed the present day dynamic economies of East and South East Asia. The *Investment Policy Review of Sri Lanka* recommends a proactive policy through regulatory and tax reforms and more effective investment generation through institutional reforms. Chapter I assesses Sri Lanka's performance in generating private investment including FDI. Chapter II reviews the investment framework, outlining reforms that can lead to a more attractive investment climate. Chapter III focuses on the future role of the Board of Investment, the main institution in charge of shaping and implementing the investment strategy. Chapter IV highlights the main conclusions and recommendations of the *Investment Policy Review of Sri Lanka*.

Transfer of Technology for Successful Integration into the Global Economy

(Sales No.E.03.II.D.31)($40)
http://www.unctad.org/en/docs//iteipc20036_en.pdf

This book examines the factors that could enable firms in developing countries to upgrade technologies or develop new technologies with a view to enhancing their productivity and integrating successfully into the world economy. The three cases analyzed in detail – Embraer in Brazil, the pharmaceutical industry in India and FDI in the automotive industry in South Africa – are expected to provide lessons, in terms of best practices, to other developing countries. One common thread of these cases is that they are examples of created comparative advantages, i.e. cases in which a country's factor endowments were modified through investment in physical capital, human resources and the building up of capacities. Another common element is the fact that technology upgrading was accomplished through policies applied successfully in today's relatively more open and rules-based global trading environment. Capacities were created by a combination of market signals and government policies and institutional support.

Press materials on FDI issued in January and February 2004

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Title	Date	Document symbol	http:
Press releases and notes to correspondents			
Global FDI Decline Bottoms Out in 2003	12.01.2004	UNCTAD/PRESS/PR/2004/001	http://www.unctad.org/Templates/webflyer.asp?docid=4356&intItemID=1634&lang=1
Can Performance Requirements Help Meet Development Objectives?	26.01.2004	UNCTAD/PRESS/IN/2004/002	http://www.unctad.org/Templates/webflyer.asp?docid=4385&intItemID=1634&lang=1
High-Level Meeting for Foreign Investors	28.01.2004	UNCTAD/PRESS/PR/2004/002	http://www.unctad.org/Templates/webflyer.asp?docid=4388&intItemID=1634&lang=1
E-briefs			
FDI to Asia-Pacific: Modest or Declining Flows Reported in Some Countries	15.01.2004	UNCTAD/PRESS/EB/2004/001	http://www.unctad.org/Templates/webflyer.asp?docid=4364&intItemID=1634&lang=1
Many African Countries See Declining FDI in 2002; but Uganda Bucks Trend	20.01.2004	UNCTAD/PRESS/EB/2004/002	http://www.unctad.org/Templates/webflyer.asp?docid=4374&intItemID=1634&lang=1
FDI Inflows Recovering in Seven African Countries	06.02.2004	UNCTAD/PRESS/EB/2004/004	http://www.unctad.org/Templates/webflyer.asp?docid=4419&intItemID=1634&lang=1
For Five African LDCs, 2002 a Bad Year For FDI	13.02.2004	UNCTAD/PRESS/EB/2004/005	http://www.unctad.org/Templates/webflyer.asp?docid=4433&intItemID=1634&lang=1

Submission statistics

Figure 1. *Transnational Corporations*: breakdown of manuscripts as of 31 December 2003

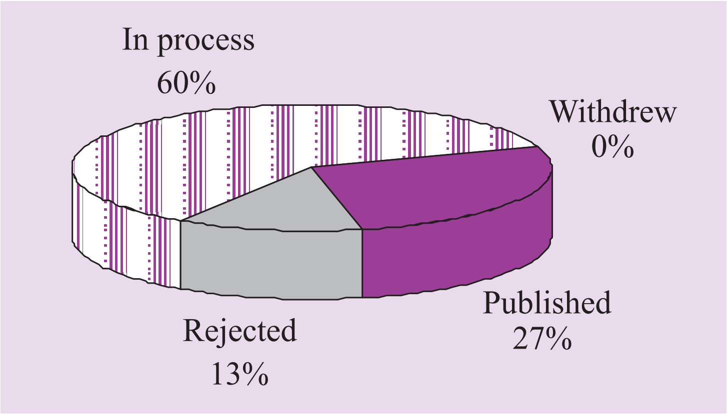

Figure 2. *Transnational Corporations*: breakdown of manuscripts since inception