

Why Global Stategy Is a Myth & How to Profit from the Realities of Regional Markets

i 1

Alan Rugman



American Management Association

New York Atlanta Boston Chicago Kansas City San Francisco Washington, D.C. Brussels Mexico City Tokyo Toronto

Contents

Preface to North American Edition	xi
Preface	xii
List of Abbreviations	xv
 Introduction The myth of globalization • Main themes of the book Definitions of globalization • The role of multinational enterprises Triad-based production • Regional production and marketin, Regionalization and business networks • Multinational enterprises as "Flagship Firms" • Key managerial implications 	1 g
The Social and Political Actors Affecting Globalization	
2. The World Trade Organization: The Politics of Trade and Investment Agreements	19
The Crisis at the ₩TO • The end of the WTO • How the WTO really works • Principles of the WTO • Unresolved issues at the WTO • The Millennium Round Agenda of the WTO	19
The European Union and United States Trade Wars • Bananas: the strategic issues • Bananas: the legal issues • Beef: the strategic issues • Beef: the legal issues • Foreign sales corporations • The legal issues	28
3. The New Social Actors Are Slowing Globalization	35
The Role of NGOs Internet anarchy The power of NGOs Analysis of the NG role in the MAI Local lobbies: the power of NGOs Canadian NGOs Kanter's local NGOs The role of Oxfam 	

Free Trade and Environmental Protection 44

- Recent environmental disputes: lessons from NAFTA
- Corporate responses Mechanisms for settling disputes
- New environmental strategies Public benefits Conclusions

4. Politics, Health Care, and Ethics 53

• The regional economies • Service sector jobs • Globalization and global governance: Strange views • The size of MNEs

- A framework for analysis of globalization and sovereignty
- What does globalization mean? Globalization and health care
- $\circ\,$ Public policy and health care $\,\circ\,$ Multinationals from the South
- Conclusions

5. The Multilateral Agreement on Investment

The Political Economy of the Multilateral Agreement on Investment

- The political nature of the MAI A framework for the MAI
- The MAI at the OECD MAI and exempted sectors
- MAI and Canada The economic logic of the MAI
- Conclusions on the MAI

Corporate Strategy and the Multilateral Agreement on Investment

• Competitive and comparative advantages • The MAI and the competitive advantage matrix • Corporate strategic response and the MAI • Firm strategy and the MAI • The present and future strategies of ten MNEs: Nestlé (Switzerland), Seagram (Canada), Bayer (Germany), Electrolux (Sweden), Alcan (Canada), Exxon (U.S.A.), Glaxo Wellcome (UK), Northern Telecom (Canada), Unilever (UK/Netherlands), Bombardier (Canada) • Conclusions on corporate strategy and the MAI

6. The New Regionalism: The North American Free Trade Agreement

96

Introduction • Data on North American economic interdependence • The North American Free Trade Agreement
Trade-related measures • Investment-related measures of NAFTA

- Lineashing deepening and hundering of NAETA
- Unresolved issues: deepening and broadening of NAFTA

75

75

86

The origins of NAFTA-based regional free trade
 Outline of the FTA
 Evaluation of the FTA
 The process of negotiations

Economic integration and the FTA

The Economic and Management Actors Affecting Globalization

7. The Evidence on Triad Economic Activity 114

• Triad trade data • Most European trade is internal

Triad foreign direct investment data
 The Asian and NAFTA
 triads
 Japan
 China
 NAFTA

Definitions and Measures of Global Performance

• The Templeton Global Performance Index • Returns on foreign assets • Relative returns on foreign assets • The FDI performance of the world's largest MNEs

Appendix to Chapter 7

• Appendix Table 7.1: Intra-regional Trade in Europe—Exports

• Appendix Table 7.2: Intra-regional Trade in Europe-Imports

Appendix Table 7.3: UK Exports by Region • Appendix Table 7.4: UK Exports by Industry Sector, 1997 • Appendix Table 7.5: German Exports by Region • Appendix Table 7.6: Japan's Exports by Region

- Appendix Table 7.7: Japan's Imports by Region
- Appendix Table 7.8: Japan's Exports by Commodity Sector

Appendix Table 7.9: NAFTA Exports by Region
Appendix Table 7.10: NAFTA Imports by Region
Appendix Table 7.12: U.S. Imports by Region

8. The Evidence on Multinational Enterprises

• The triad MNEs • Triad-based mergers • Telecom mergers

- U.S. telephone companies in Europe Mergers in automobiles
- Pharmaceuticals mergers Mergers in small, open economies

Competition policy and concentration in Canada
 Increased market concentration
 Merging to efficient relative size
 Canada loses head offices
 More deregulation needed
 Automobile assets

129

139

122

X / THE END OF GLOBALIZATION

are regional, not global • Automobile sales are of locally produced vehicles

Appendix to Chapter 8 157 • Appendix Table 8.1: The 25 Largest U.S. MNEs, 1999

- Appendix Table 8.2: The 25 Largest European MNEs, 1999
- Appendix Table 8.3: The 25 Largest Japanese MNEs, 1999
- Appendix Table 8.4: The Largest Canadian MNEs, 1999

${\mathfrak P}_{m s}$ Strategies for Triad Firms

- Strategies for managers Economies of scale in the triad
- Protectionist strategies Administered protection in the triad

• Professional sports are local, not global • Airlines are local, not global • Law firms are local, not global • There is no simple global strategy • Strategic mistakes (1): Disneyland Paris • Strategic mistakes (2): Saatchi & Saatchi • Strategic Success: Acer Taiwan

[] (0. Strategies of Twenty Triad-Based Multinationals

- Introduction A general analysis of MNE strategies
- Unilever IKEA Benetton Kingfisher Tate & Lyle
- Rhône-Poulenc Nokia and Ericsson Thames Water
- P&O Philips and Matsushita Fuji Xerox and Xerox
- HSBC Procter & Gamble Hewlett Packard 3M
- Enron Nortel Networks Conclusions

Conclusions: Firm Strategy and Government Policy

• Introduction • Regional trade agreements • The future of the WTO • Asia-Pacific free trade: APEC • Atlantic free trade: TAFTA • The end of NGOs? • Management training, leadership, and ethics • NGOs as political insiders • The Internet is global, but users are local
• Globalization and its false critics

Conclusions: key themes

References

Index

161

177

220

204