

Contents

Preface and Acknowledgment	ix
List of Contributors	xi
1 Introduction	1
Pontus Braunerhjelm and Karolina Ekholm	
1.1 Outline of the Book	3
1.2 Summary of Main Findings	7
1.3 References	8
2 Multinational Enterprises, and the Theories of Trade and Location	9
James R. Markusen	
2.1 Introduction	9
2.2 Background	11
2.3 A Knowledge-Capital Approach	12
2.4 A Model with Endogenous Multinationals	15
2.5 Production Regimes and the Direction of Trade	19
2.6 Investment Liberalization, the Volume and Direction of Trade	24
2.7 Investment Liberalization, Factor Prices, and Income Distribution	27
2.8 Summary	30
2.9 References	31
3 Geographical Specialization of US and Swedish FDI Activity	33
Pontus Braunerhjelm and Robert E. Lipsey	
3.1 Introduction	33
3.2 Determinants of FDI	34
3.3 The Pattern of Swedish and US FDI	36
3.4 Conclusion	49
3.5 References	50
3.A Appendix	53

4 Proximity Advantages, Scale Economies, and the Location of Production	59
Karolina Ekholm	
4.1 Introduction	59
4.2 Evidence on the Country Pattern of Trade and Foreign Production	60
4.3 Determinants of the Country Pattern of Foreign Production	64
4.4 The Proximity-Concentration Hypothesis	68
4.5 Conclusions	73
4.6 References	74
5 Organization of the Firm, Foreign Production and Trade	77
Pontus Braunerhjelm	
5.1 Introduction	77
5.2 Swedish MNFs, Trade and Foreign Production	78
5.3 Theoretical Explanations to Integrated Production Structures	84
5.4 Hypotheses and Empirical Analysis	86
5.5 Concluding Remarks	94
5.6 References	95
6 Agglomeration in the Geographical Location of Swedish MNFs	99
Pontus Braunerhjelm and Roger Svensson	
6.1 Introduction	99
6.2 The Clustering of Economic Activities – Previous Research	100
6.3 Empirical Agglomeration Studies	104
6.4 Foreign Production by Swedish MNFs and Agglomeration in Location	106
6.5 Final Remarks	111
6.6 References	112
7 Locating R&D Abroad: The Role of Adaptation and Knowledge-Seeking	117
Gunnar Fors	
7.1 Introduction	117
7.2 Internationalization and Geographical Distribution of R&D	118
7.3 Determinants of Foreign Affiliate R&D	123
7.4 Data, Method and Variables	125
7.5 Empirical Results	128
7.6 Concluding Remarks	130
7.7 References	131
7.A Appendix	134

8	Patterns of Foreign Direct Investment into Sweden	135
	Karl-Markus Modén	
8.1	Introduction	135
8.2	Historical Background	136
8.3	Recent Trends in FDI's	137
8.4	Specialization- and Trade Patterns	144
8.5	Geographical Localization and Agglomeration	150
8.6	Concluding Comments	154
8.7	References	155
9	The Choice of Entry Mode in Foreign Direct Investment: Market Structure and Development Level	157
	Roger Svensson	
9.1	Introduction	157
9.2	Theoretical Bases for the Choice of Entry mode	159
9.3	Host Country Factors Influencing the Entry Mode Decision	161
9.4	Descriptive Statistics and Statistical Tests for Swedish MNEs	162
9.5	Concluding Remarks	168
9.6	References	169
X 10	Strategic Location of Production in Multinational Firms	171
	Mattias Ganslandt	
10.1	Introduction	171
10.2	Multi-Plant Economies of Scale	173
10.3	Strategic Investment	179
10.4	Multi-Market Competition	185
10.5	Discussion and Conclusions	192
10.6	References	193
A	Appendix: Statistical Tables	195
B	Appendix: IUI Survey Questionnaire	209
	Index	223