

Contents

Preface	XI
I. Introduction	1
II. Globalisation versus Regionalism: Trends in FDI.....	6
1. Overall Trends.....	6
2. The European Union	11
3. The United States	17
4. Japan	21
5. Summary	25
III. Non-Equity Forms of Globalised Production.....	27
1. The Relationship to FDI	27
2. Empirical Evidence	32
IV. Globalisation at the Sectoral Level	44
1. The Automobile Industry.....	44
2. The Chemical Industry	58
3. Textiles and Clothing	68
4. Summary	80
V. The Effects of Globalisation on the Pattern of International Trade	81
1. Trade and FDI Flows.....	82
2. The Changing Pattern of World Trade	88
a. Changes in the Regional Pattern.....	89
b. Changes in the Pattern of International Specialisation.....	91
c. Japan's Trade with Its Asian Neighbours.....	101
3. From Intra-Industry to Intra-Firm Trade?	103

VI. Globalisation and Relative Wages in Advanced Countries	111
1. Globalisation, Convergence and Labour Markets.....	112
2. Globalisation and Structural Change.....	118
3. Empirical Evidence on Stolper-Samuelson	122
VII. Economic Policy in the Era of Globalisation	130
1. The Policy Dilemma.....	130
2. Trade Policy Responses to the Globalisation of Production and Markets	131
a. The European Union	133
b. The United States.....	136
c. The Uruguay Round.....	138
3. The Options Ahead.....	142
a. Ex ante Harmonisation of Production Standards.....	142
b. Industrial Policy	146
c. Wage Policies	149
d. Human Capital Formation.....	152
VIII. Summary and Policy Conclusions	156
Appendix Tables	162
Bibliography	174

List of Tables

Table 1 —	World Stock of FDI by Regions and Selected Countries, 1980–1991	11
Table 2 —	Regional Distribution of EU Direct Investment Abroad, 1985–1991	13
Table 3 —	Regional Distribution of US Direct Investment Abroad, 1982–1992	19
Table 4 —	Regional Distribution of Japanese Direct Investment Abroad, 1982–1992.....	23
Table 5 —	The Relative Importance of Property Income, 1984, 1988 and 1992.....	42
Table 6 —	Export Intensity of Major Automobile Producing Countries, 1980–1992	46
Table 7 —	Car Production by Major Producers in Different Regions, 1985–1992	50
Table 8 —	Car Production by German Producers in Different Locations, 1980–1992.....	53
Table 9 —	Export Intensity of Major Chemical Producing Countries, 1991–1992	60
Table 10 —	Share of FDI Outflows in Total (Domestic and Foreign) Investment in the Chemical Industry of Major Producer Countries, 1982–1991	62
Table 11 —	Regional Distribution of Production by Major European Chemical Multinationals, 1986–1992.....	65
Table 12 —	Production of European Textile and Clothing Companies in Different Regions, 1986–1992	78
Table 13 —	Recent Trade and FDI Flows: Pearson Correlation Coefficients, 1989–1992	85
Table 14 —	The Statistical Effect of FDI and GDP on Trade (Beta Coefficients), 1989–1992	87
Table 15 —	The Regional Structure of World Trade in Manufactures, 1980 and 1991	90

Table 16 —	The Triad's Share of Intra-Industry Trade in Manufactures, Selected Products, 1980–1992	94
Table 17 —	EU Trade of Manufactures, 1980, 1986 and 1992	97
Table 18 —	The Regional Structure of Extra-EU Imports of Manufactures, 1980, 1986 and 1992.....	99
Table 19 —	The Regional Structure of Extra-EU Exports of Manufactures, 1980, 1986 and 1992.....	100
Table 20 —	Japan's Intra-Industry Trade in Manufactures with Asian DCs, Selected Products, 1983 and 1991	102
Table 21 —	US Intra-Firm Trade, 1977, 1982 and 1989	105
Table 22 —	Intra-Firm Trade by Industry, 1989	108
Table 23 —	US Producer Price Indexes for Selected Commodities, 1992.....	125
Table 24 —	Producer Prices by Industries in the Triad, 1985–1992.....	126
Table A1 —	FDI Outflows and Exports, 1982–1992	162
Table A2 —	Share of the Triad in Global FDI Flows, 1982–1992	162
Table A3 —	European Foreign Direct Investment by Countries of Origin and Host Regions, 1985–1991.....	163
Table A4 —	Major EU Car Manufacturers: Equity Participation and Cooperation Agreements.....	164
Table A5 —	Share of the Chemical Industry in Total Inflows and Outflows of FDI, 1982–1992.....	167
Table A6 —	Major EU Chemical TNCs: Recent Acquisitions, Mergers and International Cooperations	168
Table A7 —	The World's Largest Textile and Clothing Companies, 1992.....	171
Table A8 —	The Significance of FDI Outflows in Textiles and Clothing for Major Industrialised Countries, 1986–1991...	171
Table A9 —	EU Textile and Clothing Companies: Recent Major Acquisitions and Joint Ventures	172
Table A10 —	The Statistical Effect of FDI and GDP on Trade, 1989–1992.....	174

List of Figures

Figure 1 — FDI Flows and Trade Flows, 1982–1992	7
Figure 2 — Regional Distribution of Global FDI Outflows and Inflows, 1982–1985 and 1990–1992.....	10
Figure 3 — FDI Flows within the Triad, 1982–1985 and 1990–1992....	25
Figure 4 — Major Motives for Strategic Alliances, 1970–1989	35
Figure 5 — The Sectoral Distribution of Strategic Alliances, 1980–1989.....	36
Figure 6 — Receipts and Payments of Property Income for Selected Countries and Regions, 1984 and 1992	40
Figure 7 — Regional Distribution of Automobile Production, 1992	45
Figure 8 — The Significance of FDI Outflows in Transport Equipment for Major Investor Countries, 1986–1991	47
Figure 9 — Regional Distribution of Turnover and Exports of the Chemical Industry, 1992	59
Figure 10 — The Significance of FDI Outflows in the Chemical Industry for Major Investor Countries, 1986–1991	61
Figure 11 — The Regional Distribution of FDI in Chemicals by France, Germany and the United Kingdom, 1985–1987 and 1990–1992.....	63
Figure 12 — Regional Distribution of Exports of Textiles and Clothing, 1980 and 1991	70
Figure 13 — Production and Employment in Textiles and Clothing by Major Regions, 1978–1990	72
Figure 14 — The Significance of FDI Outflows in Textiles and Clothing for Major Industrialised Countries, 1986–1991	75
Figure 15 — Intra-Firm Imports of TNC Affiliates in the United States, by Major Parent Countries, 1977, 1982 and 1989	106
Figure 16 — The Sectoral Structure of Intra-Firm Trade, 1989	107

Figure 17 — Intra-Firm Trade by Affiliates in the United States with Their Foreign Parents, 1987	109
Figure 18 — Indicators of Convergence, 1975–1990	113
Figure 19 — Changes in Employment and Unemployment in the Triad, 1979–1990	115
Figure 20 — Changes in the Structure of Unemployment, 1979–1990....	116
Figure 21 — Trends in Earnings Dispersion, 1979–1990	117
Figure 22 — Hypothetical Effects of Globalisation on the Structure of Production and Wages in Advanced Countries	120
Figure 23 — Changing Patterns of Manufacturing Employment in the Triad, 1985–1992.....	128