

UNIDO General Conference

Vienna

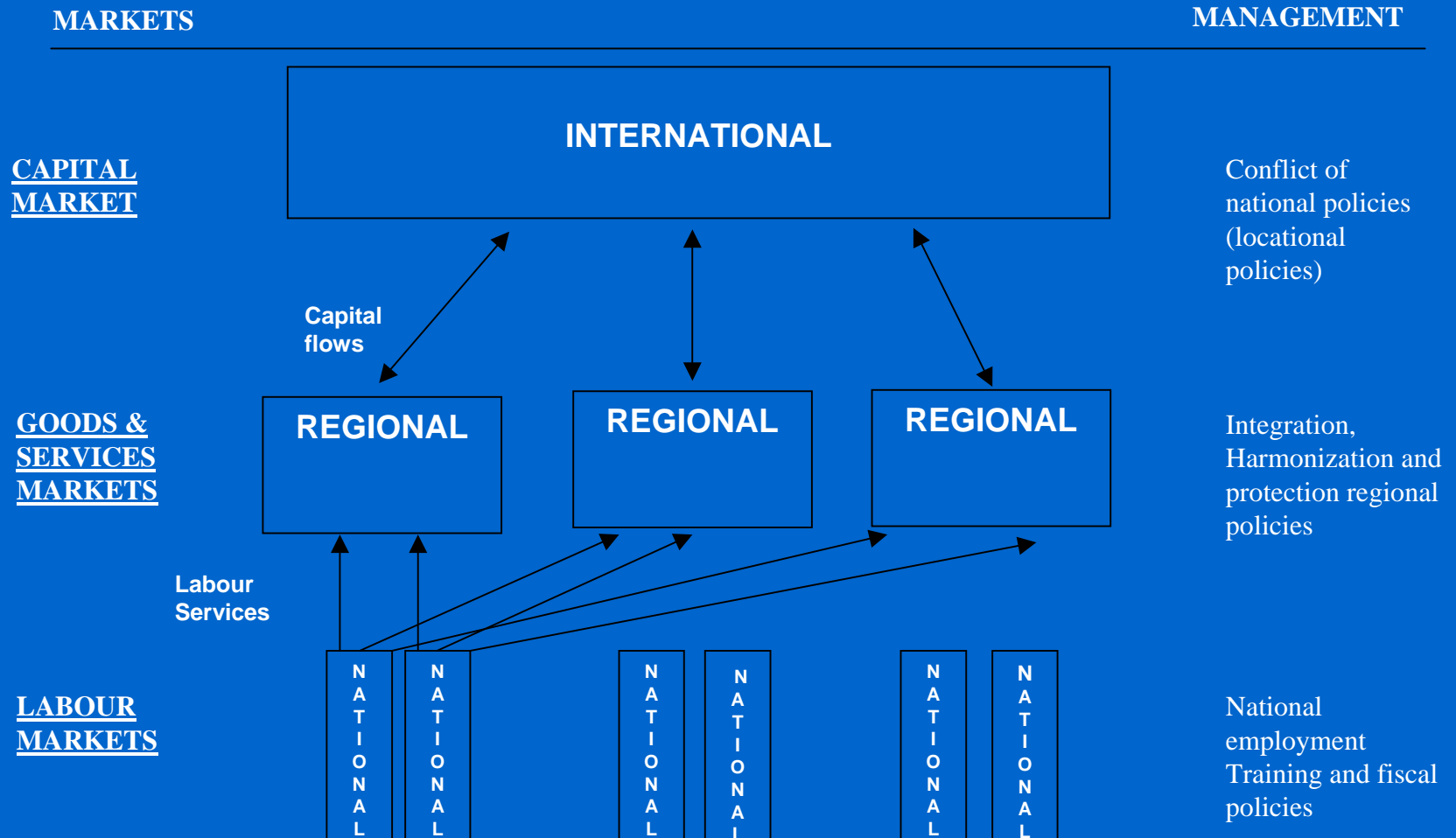
1st – 5th December 2003



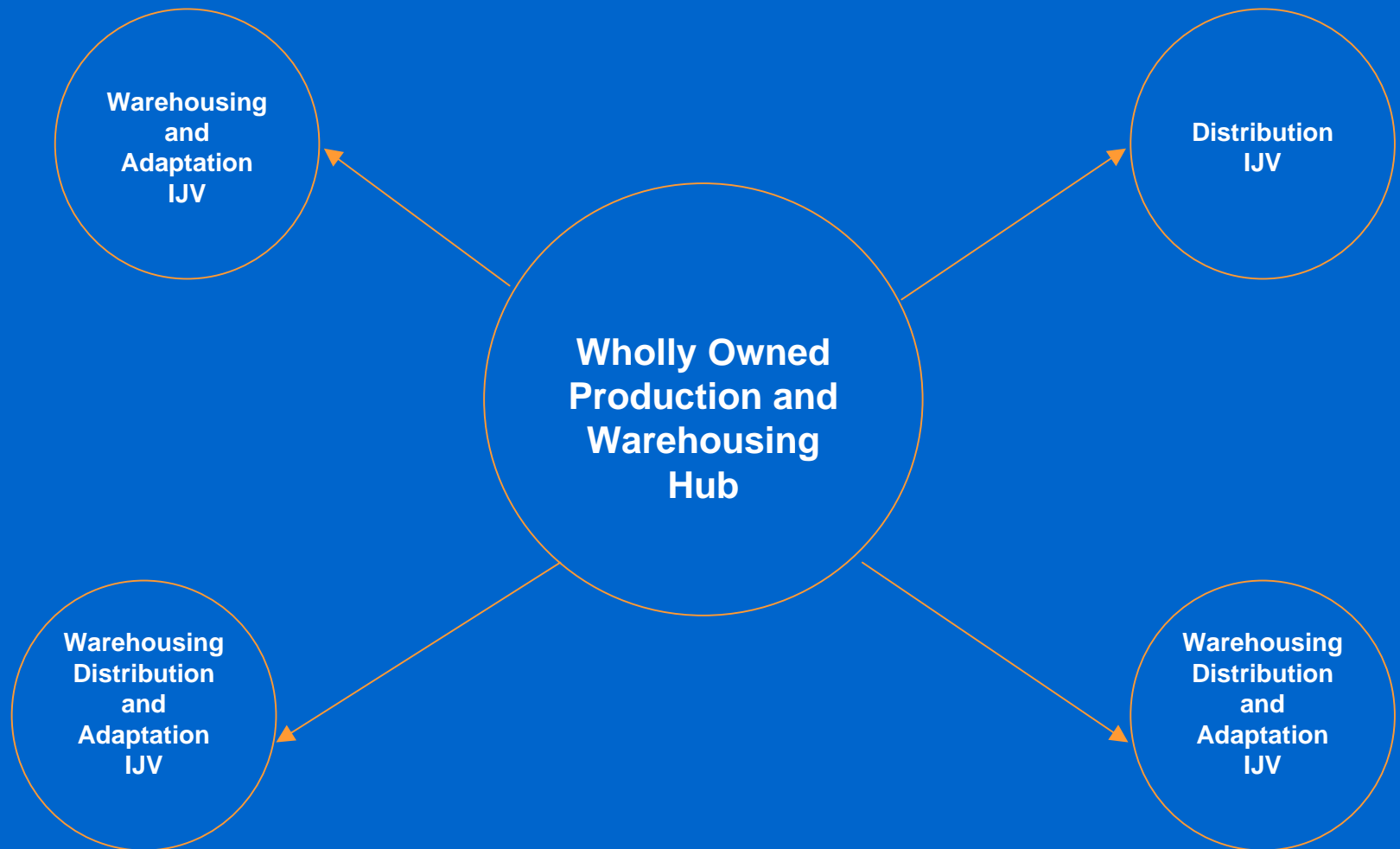
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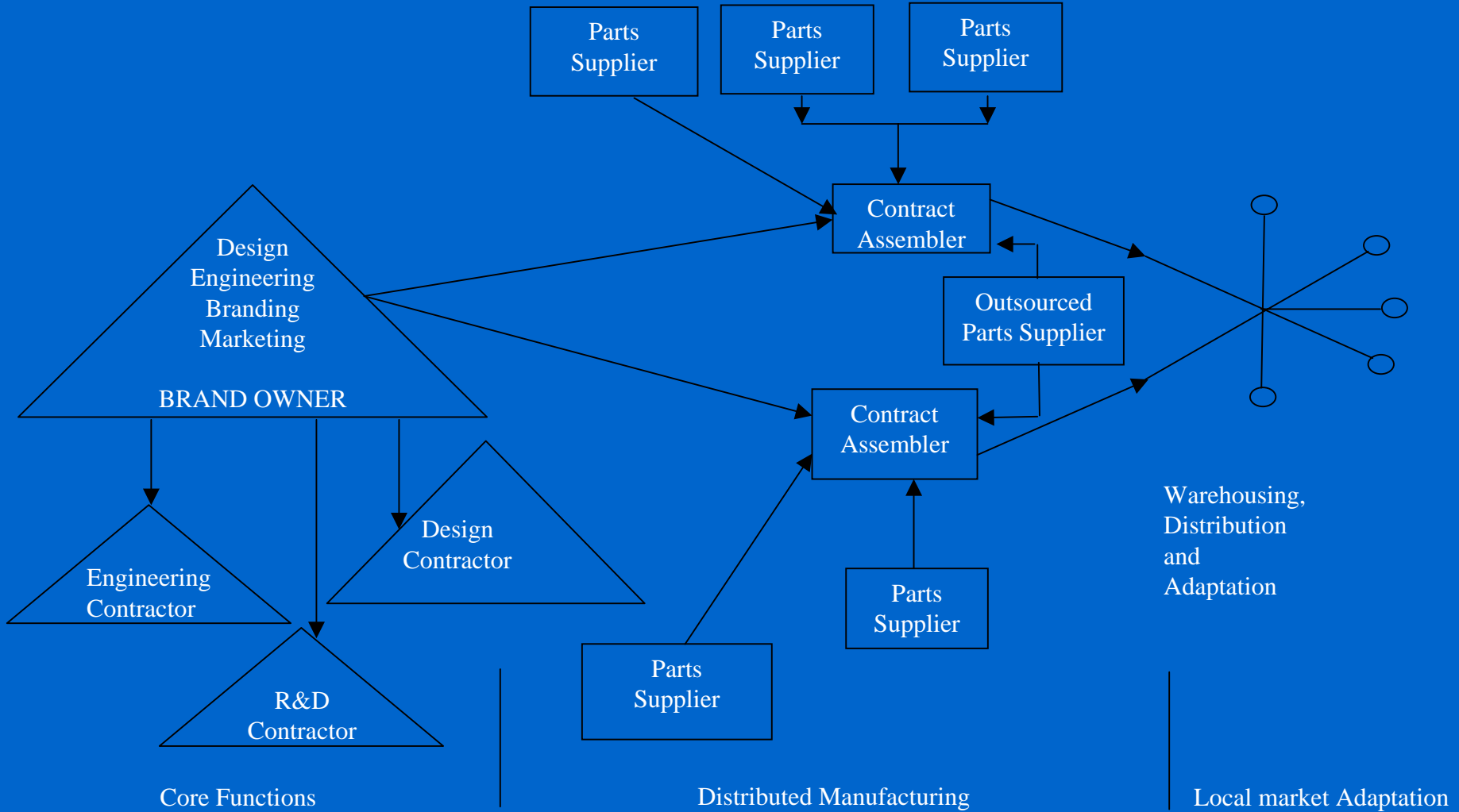
INTERNATIONALISATION OF FIRMS – CONFLICT OF MARKETS



'Hub and Spoke' Strategies: An Example



Globally Distributed Operations



AFRICA IN THE STRATEGY OF MULTINATIONAL ENTERPRISES (1)

LOCATION

- New competitive locations for labour intensive export orientated products
- Race to the bottom?
- Regional Issues – Coast versus Interior
- Re-location – Second Location
- Inputs and Infrastructure
- Attraction of presence in the local market

AFRICA IN THE STRATEGY OF MULTINATIONAL ENTERPRISES (2)

OWNERSHIP

- Inward DFI– IJVs and control
- ‘Forced ‘ JVs
- High switching costs for MNEs in changing strategy
- Domestic entrepreneurship
- Outward DFI – African multinationals
- Source of DFI – Diaspora, “West” and intra-Africa
- Competition from non-ownership modes of international supply chains (e.g. subcontracting)

AFRICA IN THE STRATEGY OF MULTINATIONAL ENTERPRISES (3)

INTERNALISATION

- Vertical Disintegration?
- De-duplication?
- Beyond the labour intensive stages?
- Excessive internalisation
(supply chain issues) as reaction to
imperfections

FDI Inflows in the Least Developed Economies 1991-2002 (Millions of Dollars)

		<u>1991-1996</u> (Annual Average)	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
1	Least Developed Countries	1,713	3,401	4,573	4,974	3,427	5,629	5,232
2	All Developing Economies Excluding China	66,061	148,987	147,533	188,976	205,285	162,585	109,445
3	1 as %2	2.59	2.28	3.10	2.63	1.67	3.46	4.78

Source: WIR 2003 UNCTAD p252.

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FDI Inward Stocks in the Least Developed Countries 1980, 1985, 1990, 1995, 2000, 2001 and 2002 (Millions of Dollars)

		1980	1985	1990	1995	2000	2001	2002
1	Least Developed Countries	3,419	5,132	8,165	16,208	35,609	40,867	46,099
2	All Developing Economies Excluding China	301,219	396,306	526,669	783,121	1,681,222	1,778,733	1,891,896
3	1 as %2	1.14	1.29	1.55	2.07	2.12	2.30	2.44

Source: WIR 2003 UNCTAD p260.

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Time needed to establish a Business

Top five

Australia	2
New Zealand	3
Canada	3
Denmark	4
USA	4

Source: World Bank (Times 8.10.03)

Time needed to establish a Business

Worst Five

Angola*+	146
Brazil	152
Mozambique* +	153
Laos PDR*	198
DR Congo* +	215

*Least Developed Country
+Africa

Source: World Bank (Times 8.10.03)