

Third World Multinationals: The Rise of Foreign Investments from Developing Countries

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Abstract

In the past decade, a number of Third World countries have emerged from their economic status as sources of raw materials or as sweatshops in which low-wage, low-skilled workers produced goods for the richer nations. Now they are themselves manufacturing and consuming high-quality, high-technology products and are establishing foreign subsidiaries, most often in other developing countries. This book is the first to study the significant-growth in foreign direct investment by such countries and its impact on the international economic order. *Third World Multinationals* explores the question of why firms based in developing countries have chosen to invest in branches, joint ventures, and wholly-owned subsidiaries overseas rather than simply export goods or enter into licensing arrangements abroad. In addition to the cost of transport, tariff barriers, and import restrictions, it identifies a number of less apparent factors, such as the motivations of managers in wanting to go abroad, the meshing of technological levels,

ethnic ties, and the desire to protect proprietary processes and competitive advantages. The book compares the similarities and differences between these firms and their more established counterparts from the industrialized countries, both large and small. It examines the implications of these developments on the relations between specific home and host countries, and on North-South relations and South-South relations in general. In the face of scarce and unreliable figures, the author has compiled a considerable amount of validated data and viable estimates from numerous world sources. The cases and examples are taken mainly from South America and South and Southeast Asia, those regions that have put forth the largest number of multinational offshoots.

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