



## **Five-Diamond International Conference Cycle**

### **Conference I**

### ***Thinking Outward: Global Players from Emerging Markets***

**Columbia University, New York, 28-29 April 2008  
Lerner Hall, Rm. 555**

**Columbia Program on International Investment**

**Fundação Dom Cabral**

**Fudan University**

**Indian School of Business**

**Moscow School of Management SKOLKOVO**

**In collaboration with the Special Unit for South-South Cooperation, United Nations  
Development Programme.**



## Conference Organizers

### **Columbia Program on International Investment Columbia Law School/The Earth Institute**

The Columbia Program on International Investment seeks to be a leading center for academic research and innovation on issues relating to the role of foreign direct investment in today's world economy and, in particular, the public policy and international investment law implications to which this role gives rise. It is a joint program of Columbia Law School and The Earth Institute. For more information, see: [www.cpii.columbia.edu](http://www.cpii.columbia.edu).

### **Fundação Dom Cabral (FDC)**

Fundação Dom Cabral (FDC) is an international executive and company development center aligned with the most current management technologies. Receiving over 22,000 executives in its programs annually, FDC has been placed among the 20 best business schools in the world by the 2007 *Financial Times* executive education ranking. International quality accreditations such as EQUIS and AMBA also attest to the quality and global scope of our activities. For more information, see: [www.fdc.org.br/en](http://www.fdc.org.br/en).

### **School of Management at Fudan University**

The School of Management at Fudan University is one of the most influential business schools in China. It has developed a strong faculty of expertise, including a large number of professors and scholars with strong academic ability and rich teaching experience, and has made significant achievements in various areas. The School of Management has adopted a multi-level diversification of its education system, with close proximity to the business community. It aims to become a world-class business school under the wing of China's rapid growth and emerging world importance, coupled with the expectation of challenges for generations to come. For more information, see: [www.fdms.fudan.edu.cn](http://www.fdms.fudan.edu.cn).

### **Indian School of Business (ISB)**

The Indian School of Business (ISB), located in Hyderabad, India, is an international business school providing a postgraduate program in management equivalent to an MBA, pre and post doctoral programs in management, as well as executive education programs for business executives. ISB has formal associations with three of the world's leading business schools – Kellogg School of Management, The Wharton School, and London Business School. The school has been ranked 20<sup>th</sup> worldwide by the 2008 *Financial Times* rankings. For more information, see: [www.isb.edu](http://www.isb.edu).

### **SKOLKOVO Moscow School of Management**

The Moscow School of Management SKOLKOVO is a joint project by 14 major companies and private individuals – Russian and international business leaders. Through sharing practical knowledge, SKOLKOVO educates managers and entrepreneurs to help them set up and run their own businesses and contribute to the development of the Russian economy. For more information, see: [www.skolkovo.ru](http://www.skolkovo.ru).

### **Special Unit for South-South Cooperation, United Nations Development Programme (UNDP)**

UNDP's Special Unit for South-South Cooperation provides support to global and system-wide public-private partnership platforms that enable all development partners to play a contributive role in support of South-South and triangular cooperation to achieve the MDGs and other internationally agreed development objectives. For more information, see: [tcdc.undp.org/](http://tcdc.undp.org/).

## BACKGROUND

In the integration process of the world economy, outward foreign direct investment (OFDI) is no longer an activity exclusively undertaken by firms from developed countries. The growth of multinational enterprises (MNEs) from emerging markets is beginning to focus attention around the world on the role of these new players. The principal issues that this new phenomenon raises will be addressed systematically in a cycle of five conferences organized by the Columbia Program on International Investment, Fundação Dom Cabral (Brazil), Fudan University (China), Indian School of Business (India), and Moscow School of Management SKOLKOVO (Russia). This conference cycle therefore continues the exploration of this topic during the First Columbia International Investment Conference in October 2006.

Three decades ago, FDI flows were not given much attention, as they amounted to only about \$50 billion. Through the 1990s, flows rose rapidly. By 2007, world FDI flows had risen to about \$1.5 trillion, with the stock of such investment estimated to be around \$14 trillion. The sales associated with this investment are estimated at about \$25 trillion, nearly twice world exports.

The rise of outward investment from emerging markets has partly driven this growth. Through 2003, annual FDI outflows from developing and transition economies averaged less than 10% of world FDI outflows. By 2006, they amounted to about 17% of world flows (or \$210 billion). Total outward stock of FDI from emerging markets is nearly \$1.4 trillion. A good part of these flows and stock is directed to, or located in, other emerging markets. This OFDI has been undertaken by a broad range of firms from countries such as Argentina, Brazil, Chile, China, Egypt, India, Mexico, the Republic of Korea, Russia, Singapore, South Africa, and Thailand. If anything, OFDI from emerging markets is likely to increase substantially in the years to come. The recent performance of Brazilian, Russian, Indian and Chinese firms is indicative in this respect.

Indeed, attention on FDI from emerging markets has often focused on these four countries – the BRICs. Much of this attention, however, is on their high level of FDI *inflows*, rather than on outward investment of firms headquartered there.

In light of this, the first Conference in this cycle of five conferences, to be held April 28-29, 2008 at Columbia University in New York, will deal with the range of issues related to the key players in the OFDI process: firms, home countries and host countries. The second Conference, then, to be held August 10-11, 2009 at Fundação Dom Cabral in Belo Horizonte, Brazil, will focus on the challenges emerging market MNEs face when transnationalizing. The third Conference, to be held in 2010 at Moscow School of Management SKOLKOVO, will pay special attention to the policy responses of the home countries of emerging market MNEs in terms of what they can do to help their firms with the problems they face when transnationalizing. The fourth Conference will focus on the challenges emerging market MNEs face in the countries in

which they invest, both developed and developing ones. The fifth Conference, finally, will return to the entire range of issues related to the key players in the OFDI process, with a view toward drawing together what has been learned in the preceding Conferences and mapping the way forward.

In each Conference, particular emphasis will be placed on a dialogue between corporate executives and government officials, as well as academics. In other words, the Conferences look at the rise of emerging market MNEs in an integrated manner, addressing both corporate strategy and public policy-oriented issues related to it. Moreover, to assure that each Conference starts from as accurate an understanding of the *problématique* as possible, a survey of MNEs and government officials will be conducted, focused on the theme of the Conference at hand and presented and published at the opening day of each Conference.

More specifically, the first Conference, as already indicated, will put the spotlight on a number of issues relating to the key players in the transnationalization process of emerging market MNEs:

- *Firms*: Like their counterparts from developed countries, emerging market MNEs seek to develop a portfolio of locational assets, as a source of their international competitiveness. What drives their transnationalization process and what strategies are such firms pursuing to maximize their efforts to deliver goods and services to foreign markets through direct investment? In particular, what internal and external obstacles do firms face when transnationalizing and what support do they receive, or would like to receive, from their home country governments?
- *Home countries*: Most emerging market governments restrict OFDI and, in any event, often have no clear policy in this area (contrasting sharply with inward FDI where virtually all countries have an enabling framework in place and investment promotion agencies seeking to attract investment). A few emerging markets, however, have not only liberalized their outward FDI frameworks, but have put in place a coherent policy framework; some of them actually promote OFDI in the interest of the competitiveness of their firms and the performance of their economies (e.g. China's "Go Global" policy). What experiences have emerging markets and developed countries had in developing their OFDI policies? What lessons can be learned from these experiences to plan the sequencing of such policies for emerging markets wanting to help their firms by allowing OFDI?
- *Host countries*: Global players from emerging markets are creating tension in host countries (particularly in the case of cross-border M&As) in both developed and developing regions. What do such reactions mean for the transnationalization of emerging market firms? What influence do such reactions have on the policies of emerging markets?

In a concluding Roundtable, the Conference will bring together corporate executives, policy-makers and other stakeholders to discuss ways that may allow

emerging market MNEs and their home countries to become more integrated in the global economy, to the benefit of all parties.

The participants will be a mix of corporate executives, government officials and academics.

The peer-reviewed papers, once revised in light of the Conference, will be published, to obtain a wider dissemination of the materials prepared for the Conference and its results.

For more information on the Conference, please send an e-mail to [cpil@law.columbia.edu](mailto:cpil@law.columbia.edu).

## PROGRAM

**April 28, 2008**

**08:30 – 09:00 - *Breakfast and registration***

**09:00 – 09:30 - *Welcome and opening remarks***

**Karl P. Sauvant**, Executive Director, Columbia Program on International Investment

**Emerson de Almeida**, Dean, Fundação Dom Cabral

**Xiongwen Lu**, Dean, School of Management, Fudan University

**M. Rammohan Rao**, Dean, Indian School of Business

**Andrei Volkov**, Dean, Moscow School of Management SKOLKOVO

**09:30 – 10:00 - *Opening keynote address: “Outward FDI from emerging markets: challenges for firms and governments”***

**H.E. Jairam Ramesh**, Minister of State for Commerce and Member of Parliament (India)

**10:00 – 10:15 - *Coffee/tea break***

**10:15 – 12:30 - *Roundtable I: “What are the challenges emerging market MNEs face when transnationalizing and what do they expect from their home governments?”***

This Roundtable will identify key challenges (and especially obstacles) that emerging market MNEs face when transnationalizing. It will start with the presentation of a survey of corporate executives and government officials from especially Brazil, Russia, India and China, conducted specifically for this Conference, followed by an examination of the manner in which emerging market MNEs fit into the established theoretical framework. The subsequent discussion will seek to identify the experience of emerging market MNEs when transnationalizing, with a view to drawing out the key challenges and obstacles. The panel will be an open discussion inspired in part by issues raised from the survey results.

- **Chair: Lisa Anderson**, James T. Shotwell Professor of International Relations & Dean Emerita, Columbia University School of International and Public Affairs (SIPA)

1. Policy challenges: the views of BRIC executives and government officials. Presentation of a survey conducted in Brazil, **Carlos Arruda**, Director, International Relations, Fundação Dom Cabral, and **Karl P. Sauvant**, Executive Director, Columbia Program on International Investment
2. “Do we need a new theory to explain emerging market MNEs?”, **Alan Rugman**, L. Leslie Waters Chair of International Business and Professor of International Business, Business Economics and Public Policy, Indiana University
3. Discussion with BRIC senior executives: **José Rubens de la Rosa**, CEO, Marcopolo S.A., **Weifeng Zhang**, CEO, Shanghai Construction Group USA

– **Lead discussants:**

**Art Durnev**, Assistant Professor of Finance, McGill University

**George (Qiuzhi) Xue**, Associate Dean and Citibank Professor of International Business, School of Management, Fudan University

**13:00 – 14:30 – Networking Lunch (Broadway Room, Lerner Hall)**

**14:30 – 17:00 - Session I: “Experiences with, and challenges for, home country policies”**

While there is a debate as to whether it complements or substitutes exports and home employment, OFDI is important for the international competitiveness of emerging market firms. In light of the challenges and obstacles identified during the preceding Roundtable, this session will discuss the experiences of both emerging markets and developed countries in terms of the OFDI policies they have pursued to facilitate the transnationalization of their firms and even encourage it. Other objectives that may be relevant to national interests, such as discouraging capital flight, and gaining access to strategic resources and/or technology abroad, will also be considered.

– **Chair: Manfred Schekulin**, Chairperson, OECD Investment Committee

4. “Experiences of emerging markets with their OFDI policies: what works, what does not?”, **Rajah Rasiah**, Professor of Technology and Innovation Policy, University of Malaya, Kuala Lumpur

5. “Experiences of developed countries with their OFDI policies: what works, what does not?”, **Peter Buckley**, Director, Centre for International Business, University of Leeds
6. “How to deal with policy dilemmas: the challenges of sequencing OFDI policy liberalization and OFDI promotion: what works, what does not?”, **Daniel van den Bulcke**, Professor of International Management and Development, University of Antwerp
7. “How can emerging market governments mitigate political risk for outward FDI?”, **Persa Economou**, Senior Consultant, MIGA, The World Bank

– **Lead discussants:**

**Mikhail A. An**, Head, Section for Investment Climate Development, Investment Policy Department, Ministry of Economic Development and Trade, Russian Federation

**Harry G. Broadman**, Economic Adviser, The World Bank

**Boris Kheyfets**, Chief Research Fellow, Institute of Economics, Moscow

**Marcílio Marques Moreira**, Former Minister of Finance, Government of Brazil

**Rob van Tulder**, Professor of International Business-Society Management, Erasmus University Rotterdam/Rotterdam School of Management

**17:00 – 17:45 - Reception**

**17:45 – 21:00 - Dinner (Faculty Room, Low Memorial Library)**

**Sponsored by INTERES Invest in Spain**



**Dinner address:** “The emerging markets century”, **Antoine van Agtmael**, Chairperson and Chief Investment Officer, Emerging Markets Management LLC

**April 29, 2008**

**08:00 – 08:30 - *Breakfast and registration***

**08:30 – 09:30 - *Breakfast panel: “Emerging market multinationals: Challenges ahead”***

In the framework of the Emerging Market Global Players Project, the largest multinationals for a number of emerging markets are being identified. During this breakfast session, the principal findings will be presented and discussed.

- **Chair: Karl P. Sauvant**, Executive Director, Columbia Program on International Investment

**Participants:**

**Mudit Kapoor**, Assistant Professor of Economics, Indian School of Business

**Alexander Mansilya-Kruz**, Research Department, Moscow School of Management SKOLKOVO

**Marjan Svetličič**, Head, Centre of International Relations, University of Ljubljana

**Paulo Resende**, Associate Dean for Research and Development, Fundação Dom Cabral

- **Lead discussant:**

**John Dilyard**, Chair, Management Department, St. Francis College; Global Project Coordinator, Emerging Market Global Players Project

**9:30 – 9:45 - *Coffee/tea break***

**9:45 – 12:30 - *Session II: “Experiences with, and challenges for, host countries”***

The rise of emerging market MNEs seems to pose a dilemma for some countries that receive investment from these firms: on the one hand, all countries seek to attract FDI (and, for that purpose, even establish investment promotion offices) as it can make a contribution to their economic growth and development; on the other hand, there seems to be some suspicion concerning “the new kids on the block,” as they represent competition and need to be integrated in the world FDI market, leading to formal and informal obstacles. This suspicion is even higher if market entry takes place via M&As, involves key industries and is done by state-owned

firms. Moreover, some stakeholders have concerns about corporate governance and corporate social responsibility issues and the extent to which such inward FDI makes a contribution to development. The management of such perceptions – and, more broadly, the capacity of firms to deal with the administrative apparatus of host countries – is therefore one of the challenges emerging market MNEs face.

– **Chair: Alan Beattie**, World Trade Editor, *Financial Times*

8. “Is the US ready for FDI from emerging markets?”, **Clarence K. Kwan**, Deputy Managing Partner, Deloitte & Touche LLP, and **Karl P. Sauvant**, Executive Director, Columbia Program on International Investment

9. “Is the European Union ready for FDI from emerging markets?”, **Judith Clifton**, Senior Lecturer in Political Economy, University of Cantabria, **Daniel Díaz-Fuentes**, Professor of Economics, University of Cantabria, and **Andrea Goldstein**, Senior Economist, OECD

– **Lead discussants:**

**Jeffrey Carlisle**, Vice President, International Public Policy and Government Affairs, Lenovo

**Eddie Chen**, Senior Advisor, World Association for Investment Promotion Agencies (WAIPA); Chief Representative for China, Invest in Sweden Agency

**Anthony O’Sullivan**, Head, Private Sector Development Division, Directorate for Financial and Enterprise Affairs, OECD

**Marjan Svetličič**, Head, Centre of International Relations, University of Ljubljana

**Sanjeev Trehan**, General Manager, Satyam Computer Services

**12:30 – 14:00 – Lunch (Broadway Room, Lerner Hall)**

**Luncheon address: Jeffrey D. Sachs**, Director, The Earth Institute at Columbia University; Quetelet Professor of Sustainable Development, Columbia University

**14:00 – 16:45 - Roundtable II: “The way forward”**

In light of the discussion undertaken during the Conference so far, this Roundtable will distill the main challenges emerging market MNEs face when transnationalizing. It will then outline responses that may be needed from institutions of higher learning as well as from policy makers at the national and international levels to deal with these challenges.

- **Chairs: Karl P. Sauvant**, Executive Director, Columbia Program on International Investment, and **Georges Blanc**, Professor, Strategy and International Business, Fundação Dom Cabral

**Participants:**

**José E. Alvarez**, Hamilton Fish Professor of International Law and Diplomacy and Director, Center on Global Legal Problems, Columbia Law School; President, American Society of International Law

**Qi Guoqiang**, President, *International Economic Cooperation Magazine*, Beijing

**Suvek Nambiar**, CEO and Managing Director, ICICI Bank UK PLC

**Alan Rugman**, L. Leslie Waters Chair of International Business and Professor of International Business, Business Economics and Public Policy, Indiana University

**Jose Eduardo Sabó**, President and CEO, Sabó Group

**16:45 – 17:00 - Closing remarks**

**Emerson de Almeida**, Dean, Fundação Dom Cabral

**Xiongwen Lu**, Dean, School of Management, Fudan University

**M. Rammohan Rao**, Dean, Indian School of Business

**Andrei Volkov**, Dean, Moscow School of Management SKOLKOVO

**Yiping Zhou**, Director, Special Unit for South-South Cooperation, United Nations Development Programme

**Karl P. Sauvant**, Executive Director, Columbia Program on International Investment

**Rapporteur: Stephen Thomsen**, Associate Fellow, Chatham House