



LUNCH SEMINAR

on the Japanese Economy

at the Maison franco-japonaise

"Japanese Multinationals in China : A Comparative Perspective"

Keiko ITO (Associate Professor)

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May 25th 2007 (Friday), from 12:30 pm to 2:00 pm
Maison franco-japonaise, room 601 (6th floor)

With the generous support of the Economic Section of the French Embassy and the French Chamber of Commerce and Industry in Japan

Summary

Does localization of procurements, sales, and management contribute to the profitability of overseas affiliates? This question is examined by analyzing the performance of Japanese multinationals' manufacturing affiliates in China using a comprehensive affiliate-level dataset (1989-2002) collected by the METI. Our results show that, even though foreign multinationals often seem to enter China for the local market potential, affiliates with a higher local sales ratio tend to be less profitable – a pattern that is conspicuously different from that observed for Japanese affiliates in other regions such as the USA or the ASEAN-4, where local sales orientation has a positive impact on profitability. On the other hand, Japanese affiliates' profitability in China was positively associated with their local procurement ratio. However, after the country's accession to the WTO, both local procurement and sales expansion contribute to higher profitability in China, suggesting that Japanese affiliates should become more aggressive in penetrating the Chinese local market and local industries.

Biography

Keiko Ito (Ph.D., Hitotsubashi University) is an associate professor in the School of Economics, Senshu University. Her research topics include FDI and trade patterns in the Asia-Pacific Region and productivity analyses. She is a member of several research projects on international activities of Japanese firms at RIETI or JCER. Her recent publications include "Foreign Direct Investment and Trade in Japan: An Empirical Analysis Based on the Establishment and Enterprise Census for 1996" (Journal of the Japanese and International Economies).

How to attend the Lunch Seminar ?

The participation to the Lunch Seminar is free but registration is strictly required. Please apply by e-mail to : lechevalier@mfj.gr.jp ; or by fax (03-5421-7652) specifying your :

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| – name | – adress |
| – company or institution | – phone |
| – position | – e-mail |

NB : The presentation will be followed by a discussion with the participants (in English, no translation).

Forthcoming

■ June 28, 2007 (Thursday) | 12:30 – 14:00

Political Impacts on Intergovernmental Fiscal Transfers in Japan

By HORIUCHI Yūsaku (ANU)

How to get there ?

