

UNU-MERIT at “Five Diamond” Conference

The conference “Thinking outward: global players from emerging markets” took place on April 28-29 at the Columbia University, New York. This was the first of the Five-Diamond International Conference Cycle dealing with issues regarding the internationalization and outward direct investments of firms from emerging economies, with particular focus on the four BRIC countries - Brazil, Russia, India and China. This cycle of conferences has been organized by The Columbia Program on International Investment and its partners, Fundação Dom Cabral (Brazil); School of Management at Fundan University (China); Indian School of Business (Hyderabad, India); Skolkovo Moscow School of Management (Russia). This first conference also had the collaboration of the UNDP Special Unit for South-South Cooperation.

Among the participants were leaders of some of the largest firms from the BRIC countries, such as Lenovo and Shanghai Construction Group from China; Marcopolo, Vale and Sabo from Brazil and Satyam Computers from India. Also, representatives of governments and important think tanks such as OECD, IADB, World Bank, WAIPA and UNDP made contributions.

The first Five-Diamond Conference dealt with the main issues regarding foreign investments from emerging BRIC countries and the three main actors in this process: firms, home countries and host countries. Home countries’ policies to foster outward FDI were among the central topics of the discussions carried out during the two days of the conference. Special attention was given to the case of China, a country with a well developed set of measures to foster investments, comprising encouragement policies, risk avoidance mechanisms, information service networks, direction guidance and supervision policies. Brazil is a counterexample in this regard, where hardly any efforts have been undertaken to promote the global expansion of firms by means of direct investment abroad. Executives from Brazilian firms have been eloquent in their complaints of the total abandonment of the issue by Brazilian government policies. Nevertheless, the Brazilian companies represented in the event have succeeded in several foreign markets and are planning further expansion, to their own cost and risk. Another aspect debated at the meeting touched on the readiness of advanced markets (namely the US and EU) to compete with emerging multinationals. The conclusion was that firms from emerging economies do not pose a threat to their home markets, but can ‘steal’ significant market shares in their regions (example of Chinese firms, investing massively in Asia).

At the close of the Conference a brainstorming session was held to draw up an agenda for future conferences, highlighting the role of governments, the competitive advantages of firms and the impacts in both home and host countries.

By Ionara Costa and Flavia Carvalho