

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	9
PREFACE	11
EXECUTIVE SUMMARY	13
FDI and the Current Crisis in Brazil	13
The Emerging Issues	14

Part I

THE HISTORICAL RECORD

<i>Chapter 1.</i> FDI AND POST-WAR BRAZILIAN INDUSTRIALISATION	21
FDI in Brazilian Industrialisation: An Overview	21
The classic ISI period	24
The "economic miracle" of 1968-1973	27
The adjustment to the oil shocks	29
Foreign Ownership and Manufactured Export Performance	31

Part II

THE EMERGING ISSUES

<i>Chapter 2.</i> THE CHANGING PATTERNS OF GLOBAL FDI AND TRADE IN MANUFACTURES: PERSPECTIVES FOR BRAZIL	41
FDI and Changing Tradability in Host Countries' Manufacturing: A Long-run View ..	41
Relocation as Adjustment Under Global Competition: Lessons from the Japanese Experience	44
Spillover Effects of Global Macroeconomic Adjustment in the 1990s	46
Macroeconomic adjustment and outward FDI from developed countries	47
Shifting locational advantages among developing countries	49
<i>Chapter 3.</i> POLICY ISSUES IN BRAZIL: THE MACROECONOMIC DIMENSION	55
Domestic Macroeconomic Instability and FDI	55
The Foreign Exchange Constraint and the Role of FDI: A Long-run View	60
Appendix	66
<i>Chapter 4.</i> POLICY ISSUES IN BRAZIL: THE STRUCTURAL DIMENSION	67
The Moving Technology Band and Patterns of Trade in Manufactures	67

Dependent Industrialisation Under Fast Technological Progress: The "back seat" Model	71
Industrial Maturity: The Current Debate on Industrial Policy	73
Technological Upgrading and Import Liberalisation	75
Industrial Policy Issues Relating to FDI	77
FDI and export performance: Trade-policy reform and market access for manufactured exports	78
FDI and technological modernisation: Forms of association and the control of technology	81

Part III

CASE STUDIES

<i>Chapter 5. THE ELECTRONICS INDUSTRY</i>	89
Overview of the Industry	89
Evolution of Specific Segments	91
Telecommunications	91
Consumer electronics	93
The computer industry	96
The microelectronics industry	98
Alternative Industrial Policies and the Role of MNCs	100
The "Market Reserve" Experiment: A Preliminary Assessment	102
<i>Chapter 6. THE AUTO INDUSTRY</i>	111
The Brazilian Auto Industry and Global Competition: An Overview	112
Post-war trends in the world automobile industry	113
The integration of Brazilian subsidiaries in global competition	114
Patterns of competition in the production of parts	117
Emerging Policy Issues	118
<i>Chapter 7. THE CAPITAL GOODS INDUSTRY</i>	125
An Overview of the Industry	125
Patterns of Competition in the "Heavy" Mechanical Equipment Sector	127
Emerging Issues: The Challenge of Internationalisation	133
<i>Chapter 8. EPILOGUE: THE OUTLOOK FOR FDI IN BRAZIL</i>	137
<i>Appendix. BRAZILIAN FDI STATISTICS</i>	139
BIBLIOGRAPHY	145

LIST OF TABLES AND GRAPHS

Tables

1.1. Brazil: distribution of value added in manufacturing, 1949-1980	22
1.2. Brazil: foreign direct investment, 1947-1988	23
1.3. Brazil: growth decomposition, import substitution, FDI and protection, 1949-1962	26
1.4. Brazil: asset ownership of the largest 300 firms in manufacturing, 1966 and 1972	28
1.5. Brazil: import and export coefficients, selected industries, 1974-1983	30