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『日本のエレクトロニクス多国籍企業  
と戦略的貿易政策』

René Belderbos, *Japanese Electronics Multinationals and Strategic Trade Policies*, Oxford University Press, 1997, xvi+pp. 265.

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This book gathers in a single volume some of the most influential work of Dr. Rene Belderbos, now affiliated with the University of Maastricht. Belderbos has emerged as one of the prominent European economists working on the Japanese economy. It also bears mention that he has a long history of connection to Hitotsubashi University. He began this connection as a visiting student (*kenkyusei*) in 1989, and he has returned to Hitotsubashi many times over the years, most recently in 1998 when he was visiting scholar affiliated with the Institute of Innovation Research.

Most of the chapters in this book are actually self-contained empirical studies, many of which have already been published elsewhere. However, diverse as these papers are, they all possess two unusual characteristics. First, they are written from a *European* perspective and, as such, provide a welcome contrast with much of the economic writing on Japan in English, which often reflects an American or Japanese perspective. The second characteristic, which has become a hallmark of Belderbos's research, is the evident

painstaking care devoted to the collection and analysis of quantitative data. In his handling of data he sets a standard for empirical researchers in this field which is rarely matched. In this, he is true to the rich "Hitotsubashi tradition" of excellence in empirical work.

This first chapter presents a historical overview of the "internationalization" of the Japanese electronics industry in the 1980s and early 1990s. This piece of economic history will be familiar to most readers. However, Belderbos does a good job of summarizing and explaining the trends observed in this period. What may be of more use to the professional economist are the carefully constructed appendices which quantitatively document the trends described in the text. The final appendix is a comprehensive guide to data sources—many of them *firm-level* data sources—which I would consider required reading for anyone seeking to do empirical work in this area.

Part II of the book, consisting of chapters 2-4, is theoretical in nature. The chapters deal with the topics of antitrust and dumping, "tariff-jumping" FDI, and the welfare and trade consequences of local content requirements. The international economist familiar with the theoretical literature that followed Brander and Spencer will find the structure of these models to be quite familiar, and some of the results presented here are actually anticipated or presented elsewhere in that theoretical literature. What is new is Belderbos's theoretical treatment of local content requirements. While this kind of trade restriction is, lamentably, increasingly important in practice, it has been subjected to little formal analysis, so Belderbos's work is a welcome contribution.

The most controversial chapter in this section is likely to be the second chapter, which is based on a paper published earlier in the *Antitrust Bulletin*. This paper revisits the Matsushita vs. Zenith antitrust case, arguing that the dismissal of the case by the U.S. Supreme Court was not justified. Rather, the author alleges that cartelistic behavior by the leading Japanese firms in Japan led to dumping in the U.S. market that could have been welfare-reducing. Belderbos argues for an international convergence of antitrust rules

—and makes it clear that the inability of U.S. producers to seek redress through antitrust actions led to the strengthening of antidumping laws which were used, to the detriment of U.S. consumers, in the 1980s.

Part III of the book contains what I regard as its most important intellectual contributions. Each chapter in this section (chapters 5-9) is a careful microeconomic study drawing on original firm-level (and sometimes product-level) data. Data sources are carefully documented and described in the appendices following each chapter, and these are likely to be as useful to the reader as are the interesting and provocative results of the papers themselves.

The first of these empirical studies is based on a paper published in 1996 in *The Review of Economics and Statistics*. This paper uses a multinomial logit regression framework to analyze the determinants of FDI by Japanese electronics multinationals. Firms are classified as "domestic firms," "Asia-bound MNEs" (that is, multinationals with a preponderance of foreign investments in Asia), and "West-bound MNEs" (multinationals with a preponderance of investment in North America and Europe). The possession of high levels of firm-specific intangible assets is associated with firms becoming West-bound MNEs, whereas inter-firm linkages seem to lead firms to become Asia-bound MNEs. One shortcoming of the study is that it is essentially a cross-sectional study. The dependent variable is cumulative investment as of 1989, and the independent variables are averaged over the 1986-88 period. Essentially, we observe these firms, and their FDI status, at a point in time. This is somewhat problematic, as most West-bound MNEs began as "domestic" firms and established subsidiaries in Asia in the 1970s before shifting a substantial degree of their FDI in the 1980s. The cross-sectional nature of the data set does not allow the author to capture this historical evolution. Despite these problems, this paper makes a real contribution to the existing literature as it is one of the first attempts to analyze Japanese firms' FDI location decisions at the micro level.

The next two chapters examine the question of whether Japanese electronics FDI was prompted by trade barriers erected against

Japanese exports. Chapter 6 is entitled, "Testing the Tariff-Jumping Hypothesis," and sets out to do just that. Belderbos finds compelling evidence that, indeed, much of the increased investment by Japanese firms, particularly in the states of the European Union, was a response to restrictive trade policies, primarily antidumping measures. He goes on to conclude that these trade restrictions did *not* succeed in protecting European producers against international price discrimination—in fact, they likely had anticompetitive effects, especially for small firms.

Chapter 7, "DFI and Exports: Complements or Substitutes?" sets out to measure the extent to which manufacturing investments by Japanese firms in Europe served as substitutes for exports from Japan. He finds strong evidence of this substitution at the firm level and the product level. This, of course, stands in stark contrast to much previous empirical work which finds a complementary relationship between the two. Taken together, the results of chapters 6 and 7 suggest that EU trade restrictions were welfare-reducing. Japanese trade negotiators will find ample ammunition for the next round of trade disputes in these chapters.

Chapter 8 examines the impact of the European Union's *de facto* local content rules on the sales and procurement behavior of Japanese firms. Basically, Belderbos finds that much of the increased "local" content actually comes from the traditional Japanese suppliers following their customers overseas. There is very little increased supply from "indigenous" European producers.

The final empirical essay in this section, chapter 9, attempts to measure the extent to which Japanese firms have begun to move their R & D activities overseas, as they have already moved much distribution and manufacturing activity. Belderbos uses unpublished data from a firm-level survey conducted by MITI that includes data on the R & D of overseas subsidiaries. Unfortunately, the quality of the data is poor—there are a large number of "nonresponses" —which limits the inference one can make using such

data. However, Belderbos' analysis suggests that overseas R & D activity is quite limited to date. Belderbos suggests that this can be largely explained by the recent vintage of many of these subsidiaries.

In the final chapter, Belderbos offers some concluding observations. One factor emphasized in this section is the role of vertical keiretsu linkages in explaining the trade and investment behavior of Japanese electronics firms in North America and Europe. In particular, supplier firms are often observed to "follow" the manufacturing plants of their "core" customers, setting up components factories near the assembly plants of the core firms.

Next, Belderbos presents a careful critique of restrictive EU (and to a lesser extent, U.S.) trade policies which induced much of this FDI, particularly the "antidumping" measures frequently resorted to in the EU. To the extent that such policies have any economic justification, they are a reaction to international price discrimination caused by the presence of a "sanctuary" market in which cartelistic activity drives price above marginal cost. The first-best response to this, if it exists, would be the enforcement of uniform antitrust rules across national boundaries, perhaps undertaken by the WTO. Antidumping measures are a second-best solution, with costly anti-competitive side effects. The section concludes with a brief look at investment trends in the mid-1990s and some speculation as to what might occur in the closing years of the decade.

As the reader is likely to be well aware, FDI in advanced industrial nations by Japanese firms has declined sharply from the ever-advancing levels of the late 1980s and early 1990s. This abrupt collapse begs for a more complete explanation than is provided in the text. However, Professor Belderbos remains active in research, and I look forward to getting that more complete explanation in his next book. In the meantime, I highly recommend this book to any applied empirical researcher studying Japanese multinational firms.

[Lee Branstetter]