

LETTERS TO THE EDITOR

## You don't have to be big to be a multinational

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From Dr **Karl P. Sauvant**.

Sir, In his series of articles on UK manufacturing, Peter Marsh draws attention to an important phenomenon: not only big companies are internationalising their production, but small companies too ("Groups at home in low-cost locations", August 23). But this is not a new phenomenon. According to the UN Conference on Trade and Development, there are more than 100,000 multinational enterprises (and probably considerably more). Obviously, the great majority of these are small and medium-sized companies, including many "micro-multinationals". Many have years ago established production facilities abroad, responding to the same opportunities as big companies: those created by the liberalisation of foreign direct investment regimes by virtually all countries (together with efforts of all countries to attract such investment) to invest in their territories and those given by modern information and communication technologies to run global production chains in real time.

Companies need to take advantage of these opportunities, as an international portfolio of locational assets is increasingly becoming one of the important sources of corporate competitiveness by providing better access to markets and resources of all kinds. In fact, competitive pressures almost force companies to locate any part of the production process where it can be done best anywhere in the world, to maintain or enhance their overall competitiveness. This applies to companies regardless of whether they are big or small, from developed countries or emerging markets (there are more than 30,000 multinationals headquartered in the latter, again most of them small and medium-sized companies).

It is good to draw attention to these small multinationals because, in the perception of many, the term "multinational enterprise" connotes bigness. This is simply no longer the case. Public perception needs to catch up with this reality.

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