II/ Territorial strategies of the TNCs

A/ Powerful TNCs

> The domination of northern TNCs
Study of the document (top 20 world's TNCs)
TNCs are involved in all kind of activities (agriculture, mining, industries and services).
81% of the TNCs are belonging to the northern countries.
300 of the top 500 TNCs are located in North America and in the European Union.

> New TNCs from emerging countries
During the naughties (2000ies), TNCs from emerging countries appeared (BRICS). They are involved in all kind of activities. PetroChina (China, Oil and gas) or Tata (India : steel industry, car manufacturing), Gazprom (Russia, Oil and gas)...
Their growth is important and they are investing a lot in developed but also in developing countries (Africa for example).
But they are still smaller than the northern companies : only 4 among 20 biggest companies in market capitalisation (all from China).

> The importance of national origins
The TNCs are deeply involved in their countries of origins.
Their national market is often the most important.
Ex : Wal Mart sales = 75 % in the USA
Their headquarters, research centers, and shareholders are still in their native countries.
TNCs can have a political support from their native countries.
Example : the dongfeng / peugeot partnership is celebrated during an official visit of the chinese president and his a key moment of the visit (march 2014).

B/ Using territories at a global scale

> New division of labour
The common strategy of TNCs is to benefit from the international division of labour.
Before the 1970ies, the division of labour was basic : developed countries in the north did the production and bought the products. The developing countries provided the raw materials (mineral and agricultural commodities).
Since the 70ies, production is more and more outsourced in developing countries.
In 1954, industrialised countries produced 97 % of the global production.
In the 1990ies, it is 77 %.
Labour-intensive industries are moving first (garment industry for example). High tech industries are moving in a second time and services too... (banking, call centers, IT, accounting...)

But the TNCs have got very different strategies. It depends of their production, their location...

> One product for all
TNCs spread Globalization by release only one product, one after the other.
For example, Apple released the Ipod Classic, then the Ipod Nano, shuffle, Iphone, Ipad etc.
But at the same time, TNCs have to adapt to the local market, and depending on their speciality, this adaptation is more or less important. Example: Nestlé is specialized in milk products, but in Asia the consumption of milk is really smaller than in western countries.

**Securing raw materials**
TNCs are looking for good sources of raw materials. The price is important but their are many other actors: political stability, transports, corruption level, education... The poorest countries are not always privileged > some countries in Africa are outside globalisation even if they are rich in raw materials.

**Conquering new markets**
The emerging countries are very important for the TNCs because they represent production areas with low-cost labour and new markets: new middle class especially in Asia. So TNCs must be flexible, when the wages are increasing they move to low cost labour countries. Example: since 2000 the chinese garment industry is moving to Bangladesh, Vietnam, Indonesia... and now China is producing Apple phones.

**Free trade promotion (global, regional and local level)**
TNCs are involved in an important lobbying to defend their interests. Example: the World Economic Forum of Davos (1000 companies with more than 5 billions in turnover) gathers each year executives of big firms and political leaders... They are lobbying their national governments, and international organisations as the World Trade Organisation, the World Bank, the International Monetary Fund... Their goal is to fight for low taxes, and customs duties.

**C/ Transforming territories at a local and regional level**

> TNCs are transforming national territories by their investments. Some regions are improving because of globalisation, mainly coastal regions, because of they are privileged by the FDI of TNCs. Ex: North and south divide in Great Britain / Coastal China

> TNCs are reinforcing the power of the Global cities which are chosen as centers of command of their development (NY, London, Tokyo, Paris and now Shanghai, Hong Kong...). They contribute to the development of CBDs and are widening the gap between rich and poor in these cities (especially in developing countries).
Conclusion

TNCs are key actors of globalisation and they are transforming territories at every scale. They are powerful and their strategies are diverse.

At a global scale > New International Division of Labour (Developed, emerging and developing countries…) transforms relations between regions of the world.

At a regional scale > they favour the development of free trade zone (EU, NAFTA)

At a national scale > they reinforce the power of coastal regions and reinforce the economic specialisation

At an urban scale > they reinforce the power of global cities