

SYLLABUS

GO405E_0101_26

Geopolitics and International Business

ACADEMIC AREA :	FINANCE AND GEOPOLITICS
PROGRAMME :	MASTER IBNG / MASTER LSCP / PGE / UGTC LEVEL 4 PGE
PERIOD :	SPRING
COORDINATOR :	Ms. Céline AZEMAR
INSTRUCTOR(S) :	Mr. Jeffrey ALTHOUSE Ms. Céline AZEMAR
CONTACT HOURS :	24.0 hours
STUDY TIME :	null hours (Class preparation, homework and assessments)
CREDITS :	4.0 ECTS
AOL :	NO

PRE-REQUISITE MODULES :

None

MODULE DESCRIPTION :

This module explores the intricate relationships between multinational enterprises (MNEs) and geopolitics. It begins by defining foreign direct investment (FDI) and multinational enterprises (MNEs), explaining why firms choose to become multinationals and how they organize their global production networks. The module then examines the factors influencing the location of FDI, emphasizing the host country characteristics that MNEs consider, particularly in relation to country risks and geopolitical dynamics. In addition, the module investigates the impact of MNEs on geopolitics, focusing on their significance for governments, the competitive dynamics they create among nations seeking to attract FDI, the role of international agreements and multilateral institutions in moderating potentially harmful competition for investment, and their impact on the achievements of the sustainable development goals.

CONTRIBUTION TO PROGRAMME LEARNING OBJECTIVES :

- Develop a sustainable strategic vision to Connect (eco-)systems #ConnectSystems

MODULE INTENDED LEARNING OUTCOMES (ILOs) :

ILO1: Explain key concepts about FDI, MNEs, and the organization of the production of MNEs ILO2: Analyze the determinants of the location of FDI including country risks and geopolitical dynamics ILO3: Evaluate the geopolitical impact of MNEs ILO4: Assess the effect of MNEs on the economic activity of the host country and the home country

TOPICS COVERED :

1 Multinational Enterprises (MNEs) & FDI, definition, measures and trends 2 The organization of the production of MNEs 3 The determinants of FDI & country risk assessment 5 The implications of international trade agreements on the activity of MNEs 6 The Impact of FDI & MNEs on Geopolitics (effects on the economic activity of host countries and tax competition) 3 The Boundary of the Firm: The Internalization Advantage of MNEs 7 The impact of FDI on the sustainable development goals 8 The Effects of FDI on the economic activity of home countries

RESEARCH-LED TEACHING :

The professors in charge of these course have conducted research on the subject discussed. The masterclasses also integrate seminal and recent research from other scholars. For instance, Céline Azémar's part of the module will be led by her research on FDI and tax competition. For instance, the following papers are particularly relevant for this module: • Azémar, C., Giroud, A. (2023) World Investment Report 2022: International tax reforms and sustainable investment. Journal of International Business Policy 6, 235–239. <https://doi.org/10.1057/s42214-023-00148-1>. • Azémar, C., Desbordes, R., Melindi-Ghidi, P. and J-P. Nicolai (2022) Winners and losers of the COVID-19 pandemic: An excess profits tax proposal", Journal of Public Economic Theory, PP 1-23, <https://doi.org/10.1111/jpet.12589> • Azémar, C., R. Desbordes and I. Wooton (2020) "Is International Tax Competition Only About Taxes? A Market-Based Perspective", Journal of Comparative Economics, 48, pp. 891-912. • Azémar, C., and R. Desbordes, (2010) "Short-Run Strategies for Attracting Foreign Direct Investment", The World Economy, 33, (7), 928-957.

CSR AND SUSTAINABLE DEVELOPMENT GOALS :

Sustainable business considers the geopolitical context in order to avoid geopolitical risks. Sessions 4 and 5 focus on this theme (SDG 16 - Peace, justice and strong institutions). Sessions 6 and 7 focuses on SDGs 1 (No poverty), 8 (decent work and economic growth) and 10 (reduced inequalities) by considering the effect of MNE activities on economic growth and SDGs with a focus on developing countries.

CSR NB HOURS :

9

SUSTAINABLE DEVELOPMENT GOALS COVERED :

- 01 - No poverty
- 08 - Decent work and economic growth
- 10 - Reduced inequalities
- 16 - Peace, justice and strong institutions

TEACHING METHODS :

Interactive lecture – Instructor-led sessions that integrate questions, discussion, and brief activities to engage students.

Problem-based learning – Students solve structured problems independently using relevant tools and concepts (e.g., data analysis).

METHODS OF ASSESSMENT :

Continuous/Final	Group/Individual	Assessment	Weight	Duration	ILOs assessed
Continuous	Individual	Written in class	20%		1, 2
Continuous	Individual	Participation or task completion	20%		3, 4
Final	Individual	Final written exam	60%	2 Heures	1, 2, 4

Assessment 1 details:

Short test and analysis of an academic paper

Assessment 2 details:

Participation and test.

Assessment 3 details:

Essay type questions and short case studies.

ACADEMIC INTEGRITY :

Academic misconduct encompasses various behaviors or actions that violate the principles of academic integrity, fairness, and honesty, thereby undermining the credibility of academic work, assessments, or research. Examples of academic misconduct include:

- Cheating
- Plagiarism
- Fabrication
- Gaining an unfair advantage
- Assisting others in committing academic misconduct, such as by utilizing generative AI
- Falsification of records or official documents
- Unauthorized access to restricted information or data
- Unauthorized or unethical use of generative AIS

Academic misconduct is a serious offense and can result in consequences such as module failure, research project failure, or even expulsion from the school. To prevent unintentional academic misconduct, it is essential to consult with your instructor to understand the specific rules and instructions pertaining to the use of AI in learning and assessment.

For more comprehensive information on academic integrity rules, principles, and disciplinary procedures, please refer to the Academic Integrity section of the Student Handbook.

BIBLIOGRAPHY :

Navaretti, G-B. and Venables, A.J. (2004). *Multinational Firms in the World Economy*, Princeton University Press (Textbook) [eBook <https://bit.ly/3yVV5L4>] World Investment Report 2024 "Investment facilitation and Digital Governments" https://unctad.org/system/files/official-document/wir2024_en.pdf

Additional Reading

Markusen, James R. (1984), 'Multinationals, multi-plant economies, and the gains from trade', *Journal of International Economics*, vol. 16, pp. 205-226.

Brainard, L. (1997). 'An empirical assessment of the proximity-concentration trade-off between multinational sales and trade', *American Economic Review*, vol. 87(4), pp. 520-544.

Markusen, J. and Venables, A. (1998). 'Multinational firms and the new trade theory', *Journal of International Economics*, vol. 46(2), pp. 183-203.

Markusen, J. and Venables, A. (2000). 'The theory of endowment, intra-industry, and multi-national trade', *Journal of international Economics*, vol. 52, pp. 209-234.

Helpman, E. (1984). 'A simple theory of international trade with multinational corporations', *Journal of Political Economy*, vol. 92(3), pp. 451-471.

Yeaple, S. (2003). 'The role of skill endowments in the structure of the U.S outward FDI', *Review of Economics and Statistics*, vol. 85(3), pp. 726-734.

Ekholm, K., Forslid, R. and Markusen, J. (2007). 'Export-platform Foreign Direct Investment', *Journal of the European Economic Association*, vol. 5(4), pp. 776-795.

Melitz, M. (2003). 'The impact of trade on intra-industry reallocations and aggregate industry productivity', *Econometrica*, vol. 71, pp. 1695-1725.

Eaton, J., Kortum, S. and Kramarz, F. (2004). 'Dissecting trade: firms, industries, and export destination', *American Economic Review (Papers and Proceedings)*, vol. 94, pp. 150-154.

Helpman, E., Melitz, M. and Yeaple, S. (2004). 'Exports versus FDI with heterogeneous firms', *American Economic Review*, vol. 94(1), pp. 300-316.

Grossman, G. and Helpman, E. (2002). 'Integration vs. outsourcing in industry equilibrium', *Quarterly Journal of Economics*, vol. 117(1), pp. 85-120.

Antràs, P. (2003). 'Firms, contracts, and trade structure', *Quarterly Journal of Economics*, vol. 118 (4), pp. 1375-1418.

Antràs, P. and Helpman, E. (2004). 'Global sourcing', *Journal of Political Economy*, vol. 112(3), pp. 552-580.

Antràs, P. (2005a). 'Property-rights and the international organization of production', *American Economic Review (Papers and Proceedings)*, pp. 25-32.

Antràs, P. (2005b). 'Incomplete contracts and the product cycle', *American Economic Review*, vol. 95(4), pp. 1054-1073.

Grossman, G. and Helpman, E. (2005). 'Outsourcing in a global economy', *Review of Economic Studies*, vol. 72, pp. 135-159.

Borensztein, E., De Gregorio, J. and Lee, J-W (1998). 'How does foreign direct investment affect economic growth?', *Journal of International Economics*, vol. 45, pp. 115-135.

Aitken, B. and Harrison, A. (1999). 'Do domestic firms benefit from foreign investment? Evidence from Venezuela', *American Economic Review*, vol. 89, pp.

Head, K. and Ries, J. (2002). 'Offshore production and skill upgrading by Japanese manufacturing firms', Journal of International Economics, vol. 58, pp. 81-105.

Marette, Umana-Dajud & Vicard (2025) Multinationals Here and There: Affiliates' Response to Global Crises. CEPII working paper 2025-10

MODULE PLAN SESSIONS :

Plan Session 01 :

Prof. Céline Azémar - Multinational enterprises (MNEs) and Foreign Direct Investment (FDI)

Content: Overview of FDI activity around the world, their importance for governments and the effect of geopolitics

Activity: Lecture and students will participate to a quiz and describe statistics (via tables, figures) to measure a phenomenon.

Reading: World Investment Report 2025 "International Investment in the Digital Economy" https://unctad.org/system/files/official-document/wir2025_en.pdf

Support: Slides and documents on Moodle

Plan Session 02 :

Prof. Céline Azémar - The organization of the production of multinational firms

Content: Understanding the trade-off between serving the foreign markets via exports or FDI. Understanding the Dunning OLI paradigm. Distinguishing horizontal FDI, from vertical FDI from export-platform and more complex FDI. What are their main determinants?

Activity: Lecture and students will have a problem solving activity (linking theory with a practical case).

Reading: Atobatele (2023) "Foreign Direct Investment: A Case Study of Nestle S.A. in Nigeria", Modern Economy, 14, 825-832 https://www.scirp.org/pdf/me_2023063015550260.pdf

Support: Slides and documents on Moodle

Plan Session 03 :

Prof. Céline Azémar - The determinants of FDI & country risk assessment

Content: Consideration of the country characteristics that are important in determining FDI, understanding country risk assessment in the context of International Business and measure of geopolitical distance/proximity.

Activity: Lecture and students will build an econometric model on the determinants of FDI, interpret an econometric table of results.

Reading: Shekhar Aiyar, Davide Malacrino, Andrea F. Presbitero (2024) "Investing in friends: The role of geopolitical alignment in FDI flows", European Journal of Political Economy, Volume 83.

Support: Slides and documents on Moodle

Plan Session 04 :

Prof. Céline Azémar - The Impact of FDI & MNEs on Geopolitics

Content: Understand why MNEs are so valuable for governments – Understand why the fiscal tool is privileged by governments to compete against each other and what can be the consequences of an armful tax competition. Focus on the international agreement over the global minimum tax rate and understand the geopolitical tensions around it.

Activity: Lecture with a multidisciplinary approach (development economics, international business and geopolitics) and discussing of a video.

Reading: Azémar, C., Giroud, A. (2023) World Investment Report 2022: International tax reforms and sustainable investment. Journal of International Business Policy 6, 235–239. <https://doi.org/10.1057/s42214-023-00148-1>.

Support: Slides and video

Plan Session 05 :

Dr Jeffrey Althouse - The impact of FDI on the sustainable development goals

Content: This lecture would examine the impact of multinational enterprises on the sustainable development goals (SDGs) through their internationalization strategies.

Activity: Lecture and analysis of academic papers

Support: Slides and documents on Moodle

Plan Session 06 :

Dr Jeffrey Althouse - The Boundary of the Firm: The Internalization Advantage of MNEs

Content: This lecture explores the internalization advantage of MNEs, explaining why firms decide to internalize certain operations rather than outsource them. We will examine the factors influencing internalization decisions, such as the risk of losing proprietary knowledge, transaction costs, and the need for control over operations in uncertain environments.

Activity: Lecture and analysis of documents

Reading: Treffer, D. (2005), "Offshoring: Threats and Opportunities"
http://www.brookings.edu/es/commentary/journals/tradeforum/2005btf_treffer.pdf

Support: Slides and documents on Moodle.

Plan Session 07 :

Dr Jeffrey Althouse - The effect of international trade agreements on MNEs and FDI

Content: This lecture would explore the impact of international trade agreements, such as free trade agreements, on the foreign direct investment decisions of multinational enterprises.

Activity: Lecture, data analysis

Support: Slides and documents on Moodle

Plan Session 08 :

Dr Jeffrey Althouse - The Effects of FDI on Home Countries

Content: This lecture considers the effects of FDI on the economic activity of the home countries of MNEs. It addresses common concerns about production and employment in the home country, particularly the impact of outward FDI that may shift jobs and production out of the home country. This lecture also discusses the effects of FDI on job composition, especially the demand for skilled and unskilled labor.

Activity: Lecture and analysis of academic papers

Reading: Marette, Umana-Dajud & Vicard (2025) Multinationals Here and There: Affiliates' Response to Global Crises. CEPPII working paper 2025-10

Support: Slides and documents on Moodle

