Editorial Foreword

William X. Wei, *Editor in Chief*

The new century has seen a process of economic globalization driven by the fast increase of international trade and international capital inflows. In the wake of the rapid ascent of Asian trade and the emergence of MNCs (Multinational Corporations) in the area, Asia will most likely become the balancer of power to the West, as well as providing the impetus for new rounds of globalization that are led to a greater extent by the developing world. Therefore, how to explain emerging Asian MNC's corporate behavior and the new status of Asian countries in international trade and investment become pertinent and cognate research questions. This first issue of *Asia Pacific and Globalization Review* focuses on research related to the globalization of industry and firms from China, given the fact that this country has already evolved as a leading world economic power.

The issue begins with a comparative study of China and South Korea's automotive industries, written by Xiaohua Lin and Guangqian Wu. The purpose of this paper is to provide a comprehensive understanding of Chinese auto firms' technological innovation behavior by comparing it with South Korea's (hereafter Korea's) behavior. Though China has a larger automotive industry than Korea, it lacks sovereignty over its technological capability and relies on technology imports from international joint ventures (IJVs) instead. This behavior stands in sharp contrast to Korea, which is regarded as a successful example of an autonomous automotive industry, with higher quality products. China's growing automotive industry could benefit from emulating some of the practices that have made Korea a competitive automotive industry. One of the findings of this study is that technological competence and economic development are, to an extent, choices made by each nation. Korea's government put pressure on their firms to create autonomous automotive technologies, while China's government opted to trade technology with IJV partners in return for market share. This strategy has led to IJV partners controlling core design technologies instead of sharing them with China. Two of the reasons that this tacit knowledge has not been shared are learning intent and power relations. In the current case, Chinese partners do not have a learning agenda, and their bargaining power is weakened due to the government's decentralization and passivity with regard to national technology infrastructure. China's auto firms need to catch up in learning; however, the strategy to do so isn't as simple as emulating Korea. Given the level of internationalization in the automotive industry now, it is no longer possible for China to exclude foreign investment, as Korea has done, from its current platform. This suggests that China should create a new independent platform for autonomous technology development, with strong government support. The limitations of this research, however, are as follows: South Korea as a reference point is problematic in that the two countries, South Korea and China, have different social, economic, and institutional environments. As well, the historical facts rely on subjective interepretation where analysis is concerned. Future studies could benefit from in-depth case studies.

The second and third articles focus on the globalization of Chinese MNCs and provide the opportunity to investigate the validity of existing Foreign Direct Investment (FDI) theories in a Chinese context. "Asset-Seeking Investment by Chinese Multinationals," by Jie Liu and Joanna Scott-Kennel, explores the institutional reasons behind the emergence of FDI from China, with regards to location and ownership and the differences between state-owned enterprises (SOEs) and non-state-owned enterprises. It is argued that Chinese outward FDI can be characterized as both asset-exploiting and asset-exploration, and that Chinese SOEs are more likely to seek strategic rather than relational assets, while Non-SOEs are more likely to seek relational rather than natural assets. SOEs also appear to have more international experience than non-SOEs. Looking at entry modes during Chinese MNCs internationalization, it is found that technological and experiential advantages are positively associated with full-control modes, whereas *guanxi* intensity is associated with partial-control modes. In conclusion, China is likley to remain the world's "workshop," providing cost advantages to firms that relocate there. This role causes China to draw on resources from external locations, which is a concern for many policy makers, particularly as the demand for resources in China rises. In addition, China's rising export capabilities may foreshadow the export competitiveness of developing economies. This in turn will drive up labor costs in China, shift jobs associated with FDI away from China, and possibly generate tariffs or non-tariff barriers on Chinese exports. Finally, relationship building will become more crucial in FDI activities, with Chinese partners increasingly involved in global alliances.

The third article in this issue, by Kenny K. Zhang and Victor Z. Chen, investigates the nature of growing and diversifying Chinese investment in Canada during the first decade of the new century. Specifically, this article examines the magnitude of investments and the sectors that China invests in; the advantages and disadvantages for China to invest in Canada; and the impact of Chinese investments on Canada-China economic and business relations. It is disclosed that Chinese FDI in Canada is on the rise, mainly targeting the energy and natural resource sectors. However, there is a growing interest in the manufacturing and service industry as well, and this diversification has brought in more non-state-owned Small and Medium Enterprises (SMEs) to Canada. In general, Canadians perceive China as vital to their economy. However, recently Canadians have not viewed Chinese investment favorably. The authors speculate that this is due to an uneasiness about the growing shift in the balance of power on the world stage, and Canadians are unsure of how to engage with this new Asia. As a result, the current media view of Chinese foreign investment in Canada paints a picture of large SOEs seeking resources. However, the more diversified, non-state-owned SMEs are often overlooked. The Canadian business community should prepare for growing opportunities that such diverse FDI may bring to Canada. On the other hand, Chinese firms need to understand that Canada seeks sustainable FDI, and currently Chinese investment is not perceived as sustainable. Therefore, Chinese companies should improve their brand by focusing on cross-cultural management and corporate social responsibility.

In this first issue, we also include a case study written by Paul Messinger, Yuanfang Lin, and Yujing Yan. The purpose of this case study is to illustrate common negative-option billing and related practices. It summarizes the legal and regulatory actions that are designed to restrict such practices, reviews the arguments for and against these practices, and discusses various remedies that have not yet been fully implemented in most countries (e.g., Asia-Pacific countries).

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