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Title	Evolution of the Automobile Industry in MERCOSUR: Trends and Strategic Moves of TNCs in the region.		
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Abstract

This Master's thesis discusses the automobile industry in MERCOSUR. The subject involves the increasing globalisation process that has affected not only advanced nations, but also developing countries such as the participants of the Southern Cone Common Market. The automobile industry in the region has been representative to international trade and to development of local economies. Particularly for MERCOSUR, the sector depends on FDI from TNCs (foreign-owned) that control the industry in the region and in the world. However, these developing countries are increasingly capable to develop technologies and knowledge even if most of them are concentrated in the foreign affiliates of TNCs.

The purpose of the research is **to understand the evolution of the automobile industry in MERCOSUR**. Two sub objectives are set – the first, **to describe the structure of the automobile industry in MERCOSUR**, functions as an input to the second, **to identify possible trends and moves of the automobile industry in MERCOSUR**. The former sub objective is achieved by the application of an adapted model (*diamond*) based on “The Competitive Advantage of Nations” (Porter 1990). The latest sub objective is discussed under a dynamic perspective of two main international economy theories: the Product Life Cycle theory (c.f. Vernon 1966) and the Flying Geese pattern (c.f. Kojima 2000). This desk study is based on secondary data and follows a data triangulation. Qualitative and quantitative data is collected from various sources that are differently applied in the analysis considering the date of publication.

The description of the structure of the automobile industry in MERCOSUR is defined through sector adaptations from nineties onward, and it is divided in: factor conditions; demand conditions; related and supporting industries with international networks of TNCs; firm strategy, structure and rivalry with international networks of TNCs; role of chance; and role of government. The industry seems to be internationally competitive in some segments, such as the small-sized vehicles.

The research identify the following as main trends for the automobile industry: MERCOSUR's exports from many TNCs (assemblers and suppliers) tend to continuously increase; investments in the region as cheap location is suffering relative competition from other areas; and an increasing importance as an automobile centre for the developing new products and technologies is evident, though it depends on recovery of local market. Additionally, the research remarks that TNCs' strategies and Governments' trade accords with other regions and countries may redirect the structure and evolution of the industry in MERCOSUR.

Key words	Automobile industry (autoteollisuus); Product Life Cycle (elinkaari); South-America (Etelä-Amerikka); MERCOSUR.
Further information	International economy; FDI.